

UNALAKLEET ELDER ASSISTED LIVING FACILITY ASSESSMENT



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1.0 EXECUTIVE SUMMARY

1.1. INTRODUCTION

This report builds upon prior research concerning elder assisted living as it pertains to Unalakleet and surrounding communities to determine the costs of constructing and operating an assisted living facility in Unalakleet. Figure 1 illustrates the steps taken to analyze past research, community demographics, and current government programs to develop a service delivery and business plan for elder programs in the Unalakleet sub-region. Also illustrated are the report sections which correspond to each step. Successful construction in rural Alaska requires a sound project management process. To that end, the report's final sections discuss establishing management systems that facilitate managing not only the grants (received to fund the project) but the project itself. In total, this report provides the necessary information to use in preparing grant applications and defending the need for granting agencies to support elder assisted living in Unalakleet.

Returning or keeping elders in their communities has gained momentum over the past few years. Many programs have focused upon delivering care to elders in their home, providing assistance with daily living tasks, and modifying individual homes to universal design standards. However, some elders need more definitive care or assistance. This may be a temporary need, such as experienced while recovering from an injury, or a long term need due to frailty or loss of dexterity. Regardless, rural communities recognize that organized assistance programs help retain elders in their community and improve the quality of life not only for the elders but their extended family members as well.

Unalakleet has long been a hub community for services to the surrounding area. In 2002 a new sub-regional health clinic was constructed to provide clinical and dental care to the communities of Unalakleet, Stebbins, Saint Michaels, Shatktoolik, and Koyuk. Along with improving healthcare has been the desire to increase other community services. One aspect has been focusing upon assisting elders with daily living tasks and providing affordable residence where elders can live and socialize with their peers. To that end, Unalakleet has participated in Alaskan elder studies, such as those published by the Alaska Native Tribal Health Consortium in 2005.¹ In 2006 a targeted study of the Nome census area was conducted to determine the viability of providing elder assisted living facilities in the region.² The research summaries support the need for a variety of elder assistance programs in rural communities. These range from community meal programs, home visits to assist with daily living activities, in-home health care, to community living facilities that can accommodate independent living to monitored nursing care.

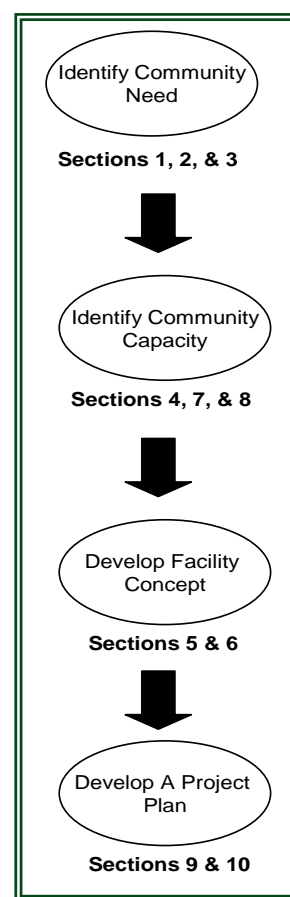


Figure 1. Report Process

¹ Long Term Care Needs of Alaska Native Elders, Alaska Native Tribal Health Consortium, 2005.

² Nome Census Area – Elder Assisted Living Market Study, F. James McConnell & Associates, 4/11/2006

A community living facility in rural Alaska, to be financially viable, must offer a variety of programs in order to create economies of scale. For example, a facility in Unalakleet could conceivably combine community elder outreach programs (such as elder meals or home visits) with a residential program (that provides for independent living and assisted living). Add to this facility a group meeting/activities area and you essentially place under one roof the full spectrum of community elder programs. If this center is collocated with the sub-regional clinic, the aspect of managed care for elders can be added as well.

Concerning the financial viability of a community living facility, the figure of 4-6 residents is projected as the need in the aforementioned targeted study. However, many rural programs are sustained through government grants and funding. These programs continually change in eligibility requirements and funds available. Therefore, developing a facility that encompasses many programs and participants not only increases the economies of scale through numerous program funding streams but provides the potential for private funding from residents with pensions from private or government retirement accounts.

1.2. NEED FOR A FACILITY

The latest census for Unalakleet and the surrounding communities is illustrated in Table 1. Given the improvement in rural healthcare, living standards, and nutrition, it is likely more elders will be physically able to remain in their communities for a longer period of time. The advent of telemedicine coupled with itinerant health providers visiting the Unalakleet sub-regional clinic lessens the need for elders to travel out of the community for preventive health screening or diagnosis and treatment of minor illnesses. Also, assistance programs through a myriad of organizations such as Alaska Rural Cap, Alaska Housing Finance Corporation, and USDA Rural Development have made funds available to renovate rural private homes to increase energy efficiency and safety. Collectively, all of these programs are improving the ability of elders to remain in their community.

Community & Data Categories		UNALAKLEET	ST MICHAEL	STEBBINS	SHAKTOOLIK	KOYUK
1990 Community Pop		714	295	400	178	231
2000 Community Pop		747	369	547	230	297
2005 Community Pop		710	437	596	224	350
1990 Gender Comp						
	Male	377 (53%)	157 (53%)	203 (51%)	96 (54%)	128 (55%)
	Female	337 (47%)	138 (47%)	197 (49%)	82 (46%)	103 (45%)
2000 Gender Comp						
	Male	399 (53%)	196 (53%)	293 (54%)	127 (55%)	163 (54%)
	Female	348 (47%)	172 (47%)	254 (46%)	103 (45%)	134 (46%)
Age 55-59		38	15	11	7	10
Age 60-64		18	6	5	4	13
Age 65-74		41	5	15	5	8
Age 75+		20	6	10	10	1
TOTAL 55+		117	32	41	26	32

Table 1. Select community demographic data for Unalakleet and surrounding area

If more elders are to remain in the area where are they to live? Some may be able to remain independently in their private residences; others may choose to live with relatives. Yet, if offered an opportunity to live in a residence with their peers, how many would choose to do so? A community residence affords the option of foregoing all the costs of home ownership in exchange to paying a rent that helps subsidize the operations of the residence. Properly located and designed, a community residence could offer the full spectrum of elder services and coordinated access to the sub-regional clinic.

1.3. RECOMMENDED SERVICES

If the community is going to invest in a facility to provide for elders, it should maximize the facility by providing one location for all elder programs to be managed. This encompasses home based programs, transition programs (transitioning elders from a hospital stay back to their home, outreach programs (such as the elder meals program), social programs (such as adult protective services), managed care, and assisted living services. Consolidating elder programs within one facility provides for multiple program fund streams to contribute towards the facility's sustainment while improving coordination among programs. See Section 7 for further discussion.

Another consideration is the availability of staffing to provide services and the personnel costs associated with staffing. Providing a clinical environment for assisted living services, in order to obtain Medicare or Medicaid payments will require skilled nursing and other staff. Hiring this staff and financing salaries, benefits, and continuing education will require more funds than can be obtained through insurance reimbursements. However, providing an independent living environment where elders receive subsidized rent and hire their own Personal Care Assistants reduces the staffing burden and makes operating a facility more economical. See Section 8 for further discussion.

1.4. CASH FLOW NEEDS FOR SUSTAINMENT

Sustaining the facility, and programs offered, will require more funds than should be expected from public health or assistance programs. Two of the highest costs centers will be staff salaries and facility utilities. To fund all the anticipated costs will require funds from private sources. These funds could come from program participants who have the capacity to pay. More people today are entering the retirement age with some type of pension or private insurance. These individuals would have the capacity to pay, or defray the costs of assisted living care. Another source of private funds is through corporate financial pledges or sponsorship. Approaching corporations to obtain a recurring financial pledge enables the corporation and its employees to feel "ownership" in the facility and the elders who benefit from its programs. A third alternative is partnering with a health corporation to share in staffing. Tribal health corporations, such as Southcentral Foundation provide nurse case management services from their Anchorage facilities. Partnering with this organization eliminates the need to have a case manager on staff. If Unalakleet decides to pursue program that offer long term nursing care, or providing assisted living services that require an "on-call" registered nurse, they should approach their regional health corporation about partnering for this program.

1.5. RECOMMENDED FUNDING SOURCES FOR DESIGN AND CONSTRUCTION

Presently, there are sufficient public programs to fund the construction of an elder assisted living facility. Other rural communities have successfully completed similar facilities (i.e. Bethel congregate facility) or have projects underway (i.e. Galena elder facility). Unalakleet should first meet with the other communities within its sub-region to gain a consensus of the type of

programs that will be offered and the type of facility desired. Once accomplished, Unalakleet can finalize their service delivery and business plan to present to potential funders. Typical funders for rural capital projects have been:

State of Alaska, Department of Community & Economic Development- The state provides up to \$800,000 through its Capital Development Block Grant program. These funds are available to communities.

US Department of Housing & Urban Development- This federal agency provides up to \$500,000 through its Indian Community Development Block Grant program. These funds are available to federally recognized tribes.

State of Alaska, Alaska Housing Finance Corporation- The state provides low interest loans and grants for the construction of assisted living facilities. The exact amount or mixture of grants/loans is dependent upon the cost of the project, the applicant's financial need, and the availability of funds from other participating organizations.

US Department of Agriculture Rural Development- This federal agency provides low interest loans and grants for the construction of public facilities. The exact amount or mixture of grants/loans is dependent upon the cost of the project, the applicant's financial need, and the availability of funds from other participating organizations.

1.6. SUMMARY

In summary, constructing a facility for elder programs in Unalakleet can be accomplished given the type of capital project funding programs available to rural Alaska communities. Given government grant funding cycles and rural Alaska construction seasons, Unalakleet should program four-years for facility completion. This provides two years to arrange for funding and complete design activities, plus two years for facility construction and commissioning.

However, sustaining such a facility will require consolidating as many programs as possible within the facility to spread costs over many revenue streams. Elder residents typically qualify for several public assistance programs such as Supplemental Security Income (to fund daily living needs), Medicaid (to fund medically necessary care), Adult Public Assistance & Senior Care (State programs to fund daily living needs), and Senior Housing Programs (to provide rental subsidies). These programs can provide an elder assisted living facility with much of the money necessary to operate the facility and provide programs. Section 8 provides a simplified cash-flow analysis two scenarios – one scenario provides for an elder independent living facility while the other provides for an assisted living facility.

Regardless of the public assistance available, recurring private funding will likely be needed. Tribal and Non-tribal for profit corporations should be approached for sponsorship of funding shortfalls. Partnering with other organizations may be necessary to provide for certain programs that require specialized staff. However, if properly planned and supported by the sub-region communities, an elder's facility in Unalakleet can be successfully operated and sustained.

2.0 INTRODUCTION AND COMMUNITY INFORMATION

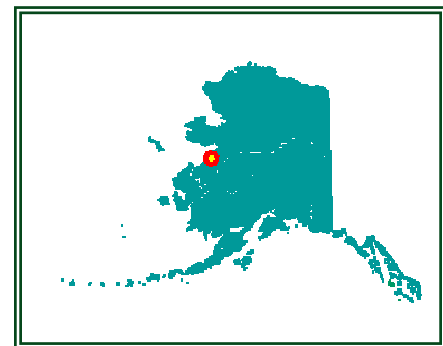
2.1. ASSESSMENT PURPOSE AND GOAL

The first step of this report is assessing the type of facility that should be constructed. To begin this process the demographics, economy, and infrastructure of the sub-region communities must be understood. This data helps the architect to develop a concept for the initial facility and plan for any potential expansion of the facility in future years.

2.2. COMMUNITY DESCRIPTION

2.2.1. *Unalakleet*

Unalakleet is an incorporated community of 747 residents located at the mouth of the Unalakleet River along Norton Sound. The community lies 148 miles southeast of Nome, Alaska within the Cape Nome Recording District. Unalakleet experiences a sub-arctic climate with summer temperatures ranging from 47 to 62 degrees Fahrenheit and winter temperatures of -4 to 11 degrees Fahrenheit.



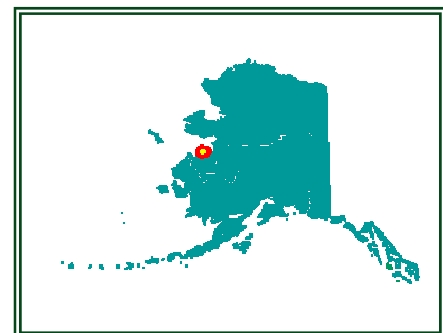
Today, Unalakleet is the sub-regional hub for surrounding communities. The local economy is the most active in Norton Sound, along with a traditional Unaligmiut Eskimo subsistence lifestyle. Unalakleet has long been a major trade center at the terminus for the Kaltag Portage, an important winter travel route connecting the Yukon River. The City was incorporated in 1974.

City utilities consist of water, sewer, and electricity. Water is derived from an infiltration gallery on Powers Creek, is treated and stored in a million-gallon steel tank. Over 90% of the residences are supported by piped city water and sewer services. The Matanuska Electric Association owns and operates the electrical system in Unalakleet, through the Unalakleet Valley Electric Cooperative.

Public Transportation to the community is limited to commercial air travel. Unalakleet has a State-owned 6,004' long by 150' wide runway which recently underwent major improvements; and a gravel strip that is 2,000' long and 80' wide. There are regular flights to Anchorage. Cargo is lightered from Nome and there is a dock.

2.2.2. *St. Michael*

St. Michael is an incorporated community of 427 residents located on the east coast of St. Michael Island in Norton Sound. It lies 125 miles southeast of Nome and 48 miles southwest of Unalakleet. St. Michael experiences a sub-arctic climate with summer temperatures averaging 40 to 60 degrees Fahrenheit and winter temperatures of -4 to 16 degrees Fahrenheit. The population of the community consists of 93.2% Alaska Native or part Native. St. Michael's population is largely Yup'ik Eskimo and many residents are



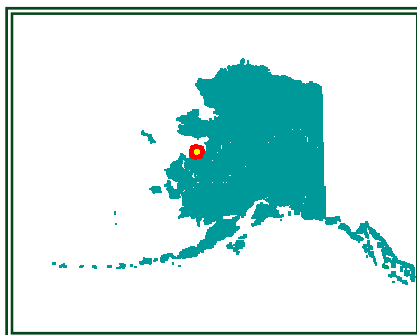
descendants of Russian traders. Seal, beluga whale, moose, caribou, fish and berries are important staples. The City government was incorporated in 1969.

City utilities consist of water, sewer, and electricity. Water is derived from Clear Lake, is treated and stored in a 1.2 million-gallon tank. Electricity is provided by Alaska Village Electric Cooperative (AVEC). The St. Michael economy is based on subsistence food harvests supplemented by part-time wage earning. Most cash positions are found in city government, the tribal council, village corporation, schools, and local stores.

Public transportation to the community is limited to commercial air travel. The State owns a 4,000' long by 75' wide gravel airstrip, and a seaplane base is available. Regular and charter flights are available from Nome and Unalakleet. It is near the Yukon River delta and has a good natural harbor, but no dock. Lighterage service is provided on a frequent basis from Nome, and St. Michael receives at least one annual shipment of bulk cargo. A 10.5-mile road exists to Stebbins.

2.2.3. Stebbins

Stebbins is an incorporated community of 519 residents located on the northwest coast of St. Michael Island, on Norton Sound. It lies 8 miles north of St. Michael and 120 miles southeast of Nome. Stebbins experiences a sub-arctic climate with summer temperatures averaging 40 to 60 degrees Fahrenheit and winter temperatures range from -4 to 16 degrees Fahrenheit. The population of the community consists of 94.7% Alaska Native or part Native. It is a Yup'ik Eskimo village with a commercial fishing and subsistence lifestyle. The City government was incorporated in 1969.



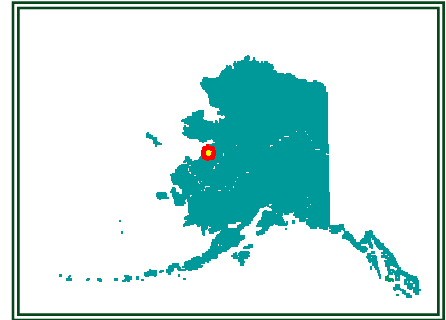
City utilities consist of water and electricity. A sewage lagoon is provided for resident disposal of honey buckets. Residents current obtain their water from several community watering points. Water is derived during the summer from Big Clear Creek, is treated and stored in a 1,000,000-gallon steel water tank. In the summer there are several watering points in the village, distributed from the tank via plastic pipelines. A reservoir at Clear Lake and a new water storage tank are under construction to alleviate winter water shortages. Electricity is provided by AVEC.

The Stebbins economy is based on subsistence harvests supplemented by part-time wage earnings. The City and schools provide the only full-time positions. The commercial herring fishery has become increasingly important, including fishing on the lower Yukon. 18 residents hold commercial fishing permits. Residents subsist upon fish, seal, walrus, reindeer and beluga whale. Gardens provide vegetables during the summer months. The Stebbins/St. Michael Reindeer Corral Project was completed in 1993 for a herd on Stuart Island. The reindeer are essentially unmanaged.

Stebbins is accessible by air and sea. There is a State-owned 3,000' long by 60' wide gravel runway. Regular flights, charters and freight services are available from Bethel. A cargo ship brings supplies annually. There is no dock, and lighterage of goods to shore is provided out of Nome.

2.2.4. Shakttoolik

Shakttoolik is an incorporated community of 224 residents located on the east shore of Norton Sound. It lies 125 miles east of Nome and 33 miles north of Unalakleet. Shakttoolik has a sub-arctic climate with summer temperatures averaging 47 to 62 degrees Fahrenheit and winter temperatures averaging -4 to 11degrees Fahrenheit. The population of the community consists of 94.8% Alaska Native or part Native.



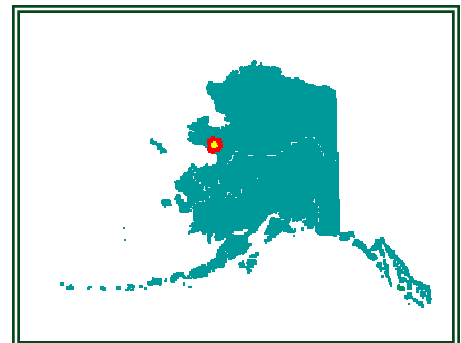
City utilities consist of water, sewer, and electricity. Water is pumped three miles from the Togoomenik River to the pumphouse, where it is treated and stored in an 848,000-gallon insulated tank adjacent to the washeteria. A piped water and sewage collection system serves most homes. 75% of households have complete plumbing and kitchen facilities. The school is connected to City water, and has received funding to develop a sewage treatment system to serve the entire community. Electricity is provided by AVEC.

The Shakttoolik economy is based on subsistence, supplemented by part-time wage earnings. 33 residents hold commercial fishing permits. Development of a new fish processing facility is a village priority. Reindeer herding also provides income and meat. Fish, crab, moose, beluga whale, caribou, seal, rabbit, geese, cranes, ducks, ptarmigan, berries, greens and roots are also primary food sources.

Shakttoolik is primarily accessible by air and sea. A State-owned 4,000' long by 75' wide gravel airstrip is available and supports regular passenger air service from Nome. There is no dock, and lighterage of goods to shore is provided out of Nome.

2.2.5. Koyuk

Koyuk is an incorporated community of 350 residents located at the northeastern end of the Norton Bay on the Seward Peninsula, 90 air miles northeast of Nome. Koyuk has a sub-arctic climate with summer temperatures averaging 46 to 62 degrees Fahrenheit and winter temperatures averaging -8 to 8 degrees Fahrenheit. The population of the community consists of 94.3% Alaska Native or part Native. Shakttoolik is a traditional Unalit and Malemiut Eskimo village with a subsistence lifestyle.



City utilities consist of water, sewer, and electricity. Approximately half the community is connected to a piped water and sewer system with the remainder awaiting expansion of the existing system (under construction). A community Washeteria and water point provide water for the remainder of the community. Electricity is provided by AVEC.

The Koyuk economy is based on subsistence, supplemented by part-time wage earnings. 13 residents hold commercial fishing permits. Reindeer herding also provides income and meat. Fish, crab, moose, beluga whale, caribou, seal, rabbit, geese, cranes, ducks, ptarmigan, berries, greens and roots are also primary food sources.

Shaktoolik is primarily accessible by air and sea. A State-owned 3,000' long by 60' wide gravel airstrip is available and supports regular passenger air service from Nome. There is no dock, and lighterage of goods to shore is provided out of Nome.

2.3. POPULATION TRENDS

2.3.1. Unalakleet

The certified population in 2005 was 710 residents. During the 2000 U.S. Census, 740 residents were counted plus the total housing units numbered 242, of which 18 were vacant. U.S. Census data for Year 2000 showed 258 residents as employed with the median household income being \$42,083. 11.04 percent of residents were living below the poverty level.

Population trends over the past 45-years are illustrated below.

Census Year	Population
2005	710
2000	740
1990	714
1980	625
1970	434
1960	574

Table 2a. Unalakleet Population Trend

The population over the past 40-years averages an increase of approximately four people per year. The last 5-years have resulted in a population decrease of six people per year. Rural Alaskan community populations over the next 10-years are expected to remain stable.

The 2000 Census also recorded the population gender and age for Unalakleet residents. This data is illustrated below.

Gender	Population
Male	399
Female	348
Total	747

Table 2b. Unalakleet 2000 Census Gender

Age Group	Population
Age 45-54	105
Age 55-59	38
Age 60-64	18
Age 65-74	41
Age 75-84	19
Age 85 and over	1

Table 2c. Unalakleet 2000 Census Elder Data

While the community's population may remain stable for future years the number of elderly residents as a percentage of the community population may increase significantly. Alaskans on whole are living longer which impacts the percent of elders in a community.

2.3.2. St. Michael

The certified population in 2005 was 427 residents. During the 2000 U.S. Census, 368 residents were counted plus the total housing units numbered 93, of which 3 were vacant. U.S. Census data for Year 2000 showed 89 residents as employed with the median household income being \$33,036. 22.9 percent of residents were living below the poverty level.

Population trends over the past 45-years are illustrated below.

Census Year	Population
2005	427
2000	368
1990	295
1980	239
1970	434
1960	574

Table 3a. St. Michael Population Trend

The population over the past 25-years averages an increase of approximately eight people per year. Rural Alaskan community populations over the next 10-years are expected to remain stable.

The 2000 Census also recorded the population gender and age for St. Michael residents. This data is illustrated below.

Gender	Population
Male	196
Female	172
Total	368

Table 3b. St. Michael 2000 Census Gender

Age Group	Population
Age 45-54	31
Age 55-59	15
Age 60-64	6
Age 65-74	5
Age 75-84	5
Age 85 and over	1

Table 3c. St Michael 2000 Census Elder Data

2.3.3. Stebbins

The certified population in 2005 was 519 residents. During the 2000 U.S. Census, 547 residents were counted plus the total housing units numbered 134, of which 11 were vacant. U.S. Census data for Year 2000 showed 161 residents as employed with the median household income being \$23,125. 41.9 percent of residents were living below the poverty level.

Population trends over the past 45-years are illustrated below.

Census Year	Population
2005	519
2000	547
1990	400
1980	331
1970	231
1960	158

Table 4a. Stebbins Population Trend

The population over the past 40-years averages an increase of approximately nine people per year. The last 5-years have resulted in a population decrease of approximately 6 people per year. Rural Alaskan community populations over the next 10-years are expected to remain stable.

The 2000 Census also recorded the population gender and age for Stebbins residents. This data is illustrated below.

Gender	Population
Male	293
Female	254
Total	547

Table 4b. Stebbins 2000 Census Gender

Age Group	Population
Age 45-54	59
Age 55-59	11
Age 60-64	5
Age 65-74	15
Age 75-84	5
Age 85 and over	5

Table 4c. Stebbins 2000 Census Elder Data

While the community's population may remain stable for future years the number of elderly residents as a percentage of the community population may increase significantly. Alaskans on whole are living longer which impacts the percent of elders in a community.

2.3.4. Shaktoolik

The certified population in 2005 was 224 residents. During the 2000 U.S. Census, 230 residents were counted plus the total housing units numbered 66, of which 6 were vacant. U.S. Census data for Year 2000 showed 68 residents as employed with the median household income being \$31,875. 6.1 percent of residents were living below the poverty level.

Population trends over the past 45-years are illustrated below.

Census Year	Population
2005	224
2000	230
1990	178
1980	164
1970	151
1960	187

Table 5a. Shaktoolik Population Trend

The population over the past 40-years averages an increase of approximately 1 person per year. The last 5-years have resulted in a population decrease of approximately 1 person per year. Rural Alaskan community populations over the next 10-years are expected to remain stable.

The 2000 Census also recorded the population gender and age for Shaktoolik residents. This data is illustrated below.

Gender	Population
Male	399
Female	348
Total	747

Table 5b. Shaktoolik 2000 Census Gender

Age Group	Population
Age 45-54	105
Age 55-59	38
Age 60-64	18
Age 65-74	41
Age 75-84	19
Age 85 and over	1

Table 5c. Shaktoolik 2000 Census Elder Data

While the community's population may remain stable for future years the number of elderly residents as a percentage of the community population may increase significantly. Alaskans on whole are living longer which impacts the percent of elders in a community.

2.3.5. Koyuk

The certified population in 2005 was 350 residents. During the 2000 U.S. Census, 297 residents were counted plus the total housing units numbered 95, of which 15 were vacant. U.S. Census data for Year 2000 showed 258 residents as employed with the median household income being \$30,417. 7.99 percent of residents were living below the poverty level.

Population trends over the past 45-years are illustrated below.

Census Year	Population
2005	350
2000	297
1990	231
1980	188
1970	129
1960	134

Table 6a. Koyuk Population Trend

The population over the past 40-years averages an increase of approximately five people per year. Rural Alaskan community populations over the next 10-years are expected to remain stable.

The 2000 Census also recorded the population gender and age for Koyuk residents. This data is illustrated below.

Gender	Population
Male	163
Female	134
Total	297

Table 6b. Koyuk 2000 Census Gender

Age Group	Population
Age 45-54	26
Age 55-59	10
Age 60-64	13
Age 65-74	8
Age 75-84	1
Age 85 and over	0

Table 6c. Koyuk 2000 Census Elder Data

While the community's population may remain stable for future years the number of elderly residents as a percentage of the community population may increase significantly. Alaskans on whole are living longer which impacts the percent of elders in a community.

2.4. REGIONAL HEALTH SYSTEM

Health services are provided by the Norton Sound Health Corporation (NSHC). In Nome, the corporation operates a hospital that provides inpatient and ancillary health services in support of community clinics. NSHC also operates a long term care facility within its hospital that is primarily used by elders. Unalakleet hosts the sub-regional *Euksavik* Clinic. This facility was recently constructed and provides health support to Unalakleet, Koyuk, Shaktoolik, Stebbins, and St. Michael. The clinic is staffed by a licensed Physician Assistant and provides medical, dental, and community health programs to the City and surrounding communities. The clinic is equipped to provide radiology and CLIA-waived laboratory services as well. Clinics in Saint Michael, Stebbins, and Shaktoolik consist of primary care clinics where care is delivered by community health providers and itinerate clinicians. These clinics refer patients to the Unalakleet sub-regional clinic.

3.0 REGIONAL AND STATEWIDE ASSESSMENTS

3.1. McCONNELL & ASSOCIATES MARKET STUDY

In March 2006 F. James McConnell & Associates prepared a report for the Nome Eskimo Community investigating the feasibility of providing elder assisted living services in the Norton Sound Region. The 68-page report relied in part on data acquired from the Alaska Native Tribal Health Consortium's (ANTHC) elder survey (discussed in the next sub-section) and an Elders Survey performed in 2000. Its purpose was to determine the need and demand for an Elder Assisted Living Facility in the Nome Census Area. One demographic finding of the study indicated the overall population growth appears to be stable while, by age category, younger residents are leaving the region and the number of residents in the elder age group is increasing. Much of the regions population increase is attributed to births as opposed to people migrating or returning to the region.

Another demographic trend was the increase of multigenerational occupancy in homes throughout the region which may be indicative of the lack of available housing or high living costs of rural communities. This leads to the question of whether families residing in these homes, in a traditional subsistence economy, could afford to have the elder leave when they may be the primary income stream in the household. As the ANTHC study highlights, the primary providers of elder care typically are immediate family members; likely those residing in the same household as the elder.

The study provided the following recommendations (summarized for brevity):

1. A 10-15 unit facility located in Nome be considered as the first phase of a long term development plan for elder assisted living services. The study also highlighted the need to provide housing for both elders and disabled adults
2. A lead agency or planning committee be appointed to develop the project. The study looked to NSHC and Kawerak, Inc., as two regional corporations, to be logical lead agents in advancing any elder assisted living project.
3. Develop an operating budget assuming all units will be occupied by residents who qualify under the CHOICE Medicaid Waiver Reimbursement Program. The study acknowledged that some elders may have the financial capacity (i.e. retirement account or private insurance) to self pay.
4. Incorporate other elder care services into any proposed facility. The study highlighted the potential benefits of improved program coordination and economies of scale that could be achieved by consolidating multiple programs within one facility.
5. Any planning committee formed should discuss a facility in Unalakleet as an alternative if a Nome based facility cannot be developed. The study acknowledged the challenge of providing sufficient staff to operate such a facility in this location and the desire of public funding agencies to collocate any assisted living facility with the regional hospital to provide elders access to the highest level of care (available within the region).

In an April 2006 cover letter to the Native Village of Unalakleet, Mr. McConnell highlighted the following issues derived from the study:

- a) The *Elders Survey* conveyed that elders in the region desired to remain in their own homes as long as possible.
- b) Adequate and consistent staffing was considered a significant challenge to establishing assisted living facilities, given the state's requirements for such facilities.
- c) Collocating assisted living facilities with the regional hospital increases the likelihood of recruiting and retaining skilled staff and provides facility residents access to the acute care they will likely need as they grow older.
- d) Agencies funding elder assisted living services are looking at the regional hub communities as the most likely rural locations that will offer the economies of scale and availability of resources to make these services sustainable.

The McConnell study highlighted many of the issues and challenges all rural communities are experiencing when considering elder assisted living programs. Some of the issues are reemphasized in this report when discussing the service delivery and business plans. Program funding and availability of trained staff are two key challenges to providing any services consistently in rural Alaska.

3.2. LONG TERM CARE NEEDS OF ALASKAN NATIVE ELDERS

In August 2005 ANTHC published a report addressing long term care needs for elders from a systems and service delivery perspective. The report objectives were to determine what elder services are needed, are currently available (and where), and how the system can develop services for elders that are culturally appropriate and close to home. For the purpose of this report, long term care was defined as, "the provision of services, including health care, personal care, social services and economic assistance, delivered over a sustained period of time in a variety of settings, ranging from a person's own home to institutional settings, to ensure quality of life and maximum independence."

The report discusses the statewide demographics and trends for the native elder population. This information is further broken down by each Indian Health Service (IHS) designated service area. Within each service area information is presented upon current health trends in the elder population, the percent of native elders utilizing medical and long term care services, and the program requirements of elders.

The report highlights that presently, in rural communities, the majority of long term care is provided by immediate family members, yet the demands of daily living in an ever increasing cash economy placed a strain upon family members to provide this care. While acknowledging the challenges and high costs associated with providing services in rural Alaska, the report also presents "success stories" of organizations providing services and programs that benefit rural elders. Personal care programs operated by the Yukon Kuskowim Health Corporation and Tanana Chiefs Conference provide services that allow many elders to remain at home. Assisted living facilities operated in Dillingham and Nome are recognized as successful facility based programs.

The report provides an excellent description of the types of services Alaskan Native elders have indicated are important. These services include (summarized for brevity):

- a) Personal care services that allow elders to remain in their own homes
- b) Comprehensive care and tracking of chronic illnesses to assist elders in living healthier lifestyles.
- c) Monitoring elder medications to ensure prescriptive compliance, prevent adverse drug reactions, and contraindications among multiple prescriptions.
- d) Greater understanding of elder abuse and services designed to prevent it.
- e) Adequate housing for elders through universal design renovations to private homes and construction of culturally sensitive group facilities.
- f) Providing information and support to family members caring for elders experiencing dementia disorders.
- g) Further investigating the causes and prevention of unintentional injuries (i.e. falls)
- h) Expanding telemedicine to include aspects of home healthcare.
- i) Providing venues for sharing traditions and participating in intergenerational (elder/youth) activities
- j) Providing access to palliative care so terminally ill elders can remain in their communities.
- k) Integrating traditional healing into long term care services
- l) Further investigating why elders are migrating to urban centers.

The report concludes by recommending actions that can be taken to provide these services highlighted as important by elders or further investigate avenues for extending these services to rural areas.

3.3. ALASKA'S STATE PLAN FOR SENIOR SERVICES 2008-2011 (DRAFT)

In February 2007 the Alaska Commission on Aging (ACOA) published its draft plan for statewide senior services for the next four years. The plan discusses ACOA's goals for senior services, ranging from senior advocacy to job skills development. Specific goals were:

- ❖ Alaskan seniors stay healthy, active, and involved in their communities.
- ❖ Older Alaskans have access to an integrated array of health and social supports along the continuum of care.
- ❖ Families are supported in their efforts to care for their loved ones at home and in the community.

- ❖ *A range of adequate, accessible, secure and affordable housing options is available to seniors.*
- ❖ Alaska supports a stable senior services workforce as well as employment opportunities for seniors.
- ❖ Older Alaskans are safe from catastrophic events and protected from personal exploitation, neglect, and abuse.

The italicized goals align with Unalakleet's objective of providing an elder facility that can offer housing and life care alternatives to the region's elders while also providing administrative and program space to coordinate outreach and community elder's services. These goals are discussed further.

- ❖ *Older Alaskans have access to an integrated array of health and social supports along the continuum of care.* ACOA highlights that approximately 16 percent of Alaskan seniors are Alaska Natives. While many live in extremely remote communities, unconnected by road to the state's urban centers, there has been an increasing trend for Native elders to migrate to the Rail-belt region, particularly Anchorage and Fairbanks, to be closer to more specialized health care, to obtain assisted living or nursing home care, and often to live near family members who have earlier migrated to the city for greater employment opportunity.
- ❖ *Families are supported in their efforts to care for their loved ones at home and in the community.* The greatest potential expense confronting seniors is long-term care services. Seniors living at home or in community-based residential care settings are in the least care-intensive end of the care continuum. In an online survey of the unmet needs of Alaskan seniors, completed by 92 respondents (mostly senior service providers), many listed assisted living facilities as a primary need in their community or region. This need has also been identified in both provider and consumer focus groups as an unmet need, particularly in Alaska's regional hub communities and larger villages.
- ❖ *A range of adequate, accessible, secure and affordable housing options is available to seniors.* In the past, Native elders were cared for at home by members of their extended families. Today, with longer life spans, smaller families, and more geographic dispersion of family members, many elders do not have a traditional support system which would help them to remain living in their villages. Supported senior housing and assisted living facilities are needed in the rural hub communities that serve a network of Native villages. For those elders who do choose to remain at home, the need for help with household chores and shopping has been identified as a priority.

In 2005, ACOA conducted a senior survey to help identify the top issues of concern to senior. The survey asked seniors to identify the top issue for Alaska seniors today and looking ahead to the next ten years. They listed financial security as their number one concern, closely followed by health care. Many people noted the link between worries about health care costs and fears that they will lack the money for an adequate lifestyle sometime in the future. Of those responding, 42% said they currently had enough money, while 21% said their income was not enough to pay for necessities, and 37% said they were just getting by and could not afford any extras. Social Security was the income source common to the most seniors (89%), and the Permanent Fund Dividend was a close second (85%). Fewer than half the respondents said they receive a pension, and 16% were continuing to work for wages.

About three-quarters of the respondents (whose average age was 77) had not used any senior services. Among the available senior services, the most-used was the senior center congregate meal program, which was also the service with which seniors were most satisfied. Senior transportation was also used more than most of the other services, but had a relatively high dissatisfaction rating (the most common complaints were that the service did not go to certain parts of town, and that scheduling was difficult, with delays common). Only small numbers of seniors said they had ever used home delivered meals, personal care assistant services, care coordination, adult day, respite care, or chore. The most dissatisfied of all were those who had used a chore service – 39% said they were unhappy with the service, primarily citing problems with unreliable workers.

The third most frequent concern of seniors was housing. While 68% of those responding own their own home, among which 90% were happy with their housing, seniors living in rentals or with family members were less satisfied. When asked what type of housing seniors would like, some typical responses included: a smaller, downsized home; a single-level home; a seniors-only condo or townhouse development; a planned retirement community; a senior community with a continuum of care – independent living, assisted living, nursing home care; independent living apartments with some supportive services; and assisted living apartments with personal care and meals.

The ACOA identified numerous actions that needed to occur in order to prepare for the future. Among these actions were:

Communities must begin now to build their infrastructure to prepare for the rapid increase in senior population they will witness during the next three decades. Now is the time to begin to invest in or create incentives for assisted living facilities, senior housing of all kinds, transportation systems, and even a return to basic winter maintenance of sidewalks, parking lots, and steps. A statewide long-term care strategic plan can help to identify and prioritize the necessary capital investments, funding mechanisms, workforce development goals, and other critical components of an integrated long-term care system at both statewide and community levels.

The workforce focused upon elders services must be developed. The need for all types of health care and long-term care workers will continue to grow. An additional problem is that few existing health care professionals are trained in geriatrics, and there are few financial incentives to obtain training or pursue careers in the care of older adults with chronic illness and disabilities. The situation is similar for nursing aides, home health aides, and personal care assistants, three occupations responsible for providing care or assistance with activities of daily living. Furthermore, high turnover in these occupations, attributed to low pay, lack of benefits, absence of potential for career advancement, heavy workloads, lack of professional respect, and other issues is a growing concern. This pool of workers continues to shrink at the same time that demand is increasing rapidly

The State of Alaska began implementation of Aging and Disability Resource Centers (ADRC) in 2004. The ADRC initiative supports state efforts to develop “one-stop-shop” programs at the community level to help people make informed decisions about their service and support options and serve as the entry point to long-term care support system. These centers provide information and assistance to individuals needing either public or private resources, professionals seeking assistance on behalf of their clients and individuals needing information or assistance in applying for Medicare Part D.

The Division of Senior and Disabilities Services (DSDS) manages state-funded long-term care programs including the Older American's Act funds, Medicaid Waiver services, Medicaid Personal Care Attendant services, Pioneer Homes, Adult Protective Services, as well as home- and community-based grant funded programs for seniors and individuals with developmental disabilities who do not qualify for services under the Medicaid programs. DSDS will eventually consolidate its offer its programs through the ADRCs. The long term goal is to establish ADRCs at community level senior centers and provider agencies. Figure 2 illustrates state programs targeting elders.

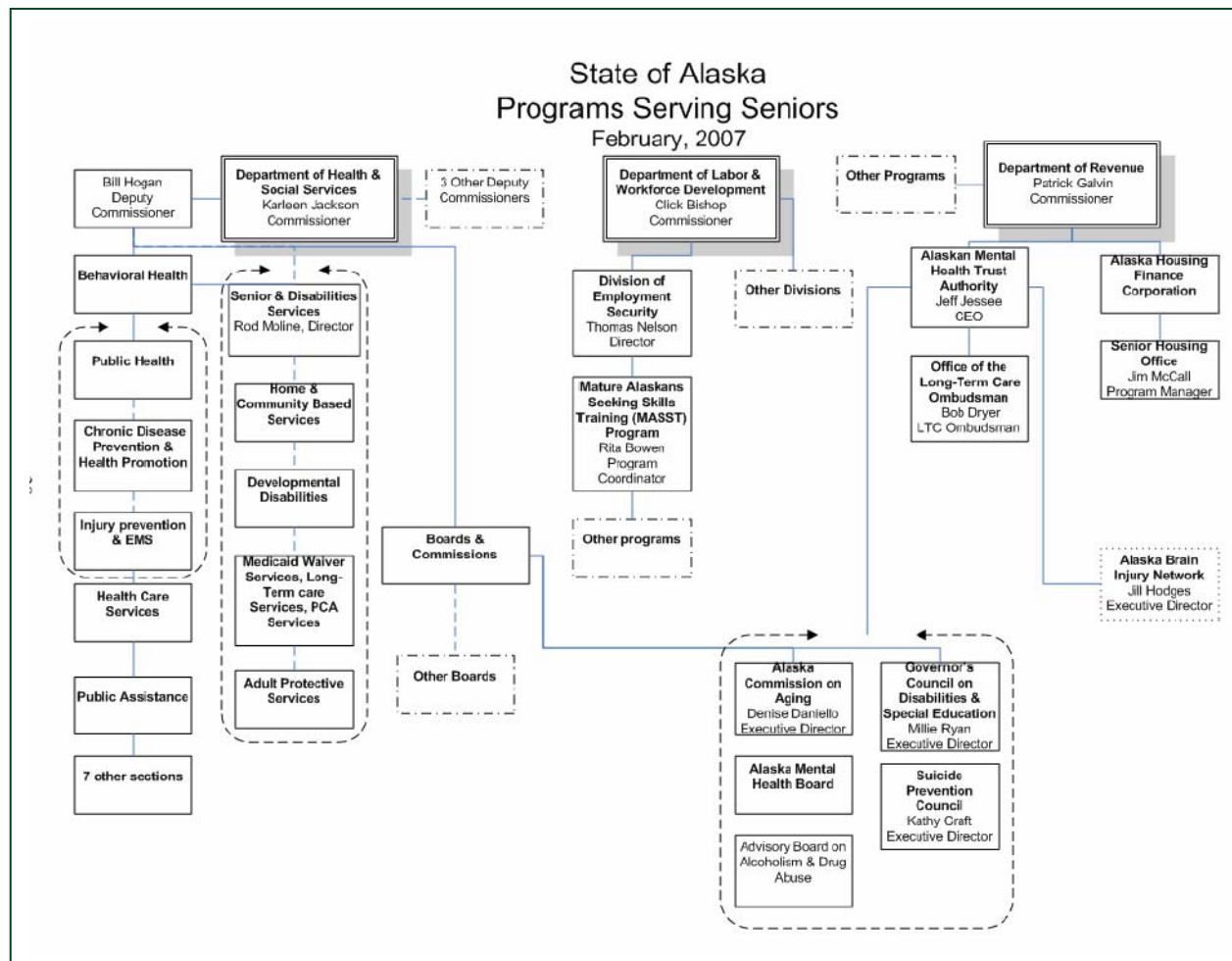


Figure 2. State of Alaska Senior Programs Illustration

The ACOA report also highlights the public programs developed to provide assistance to seniors. These are:

- ❖ **Senior Care Program.** This program offers a monthly cash benefit (or an alternative prescription drug benefit) to low-income seniors. Approximately 7,000 Alaskans age 65 and older are currently served by this program, which is scheduled to sunset on June 30, 2007.
- ❖ **Adult Public Assistance.** Low-income seniors with few resources may be eligible for monthly cash benefits from the Adult Public Assistance program. Those eligible must be

age 65 or older, or have severe and long term disabilities that impose mental and physical limitations on their day-to-day functioning. In 2005, the program served 7,715 seniors (those age 60 and older, including those with long-term disabilities).

- ❖ **General Relief Assistance (GRA).** This program is designed to meet immediate basic needs of Alaskans facing extreme financial crisis, for example, those lacking funds for shelter and utilities. As a short-term program, eligibility is determined on a month-to-month basis. Applicants must demonstrate an emergency need in the month of application. GRA is a small program, with an average monthly caseload of about 150 households.
- ❖ **Food Stamps.** The Alaska Food Stamp Program, funded by the federal government, provides food benefits for low-income households. Of the 20,788 Alaska households receiving food stamp benefits in 2005 in the average month, 2,266 were senior households (age 60 and older). The average senior household benefit was \$197 per month, compared with an average of \$121 per month for all recipients.
- ❖ **AHFC Senior Housing Office.** By statute, the Alaska Housing Finance Corporation (AHFC) promotes adequate, accessible, secure and affordable housing for low-income Alaskans, including seniors. Many seniors prefer to use the Section 8 voucher program, which allows them to live anywhere so long as the landlord accepts the voucher. Households with incomes below 50% of the area median household income may apply for assistance through the Housing Choice Voucher Program. This program allows families to pay no more than 30% of their income toward rent, with the balance supplied by the voucher. There is a wait list for this program.
- ❖ **Medicaid Personal Care Assistant (PCA) Program.** The Personal Care Assistant (PCA) program provides home care services to Medicaid-eligible seniors and others. These services enable low-income frail elderly Alaskans and functionally disabled, physically disabled, and frail Alaskans to live in their own homes and communities, instead of being placed in a more costly and restrictive long-term care institution. Services are provided through two different Personal Care Assistant models. The agency-based PCA program allows consumers to receive services through an agency in which a registered nurse oversees, manages, and supervises their care. This model has been operational for over 10 years. The consumer-directed PCA program allows the consumer to manage his or her own care by selecting, hiring, firing, and supervising their own Personal Care Attendant. The agency provides administrative support to the consumer and the PCA. This model became operational in 2001. About half of the clients in each of the personal care assistance programs are seniors.
- ❖ **Medicaid Waiver Program.** This program gives low-income individuals certified to need the services of a skilled nursing facility the opportunity to “waive” nursing home placement and instead receive home- and community based services. This allows them to be served in non-institutional settings and have greater choice in the care they receive. The care is also much less expensive than care delivered in a nursing home. The program is administered by the DSDS. The DHSS determines an individual's eligibility through a rigorous evaluation process. The Department certifies income and performs an assessment of the level of services required by the applicant. Waivers can be applied to services provided in individuals' homes or in assisted living facilities. The program offers four waivers, each for a specific group of Alaskans. The Older Alaskans waiver is targeted to seniors and provides services to low-income senior Alaskans who are qualified for the level of care provided to a client in a nursing home but who wish to

remain in their own homes or communities. Services include care coordination, private duty skilled nursing, adult day care, meals, respite care, transportation, chore services, and medical equipment. In FY 2004, the Older Alaskans waiver served 1,294 seniors, with services in 79 communities, at an average cost of \$21,155 per beneficiary. This expenditure helped to avoid the much higher cost of nursing home care, estimated to be about \$155,000 per year in 2005.

- ❖ **Home- and Community-Based Services Grants.** For those seniors who do not qualify for the Medicaid waiver because of their income, their diagnosis, or their assessed level of care needed, the home- and community-based care grants help pay for services to help these seniors continue living in their homes. The home- and community-based care grants operate through non-profit grantee agencies. Funding is distributed through a competitive grant process which is jointly administered by DSDS and the Grants and Contracts Support team unit of DHSS' Division of Finance and Management Services. The program provides services to physically frail individuals 60 years of age and over, individuals of any age with Alzheimer's disease or related disorders, and caregivers. The grant programs have no income requirements, but a sliding fee scale is used for client contributions toward the cost of services. The program goal is to help these Alaskans maintain as much independence as possible, and to improve their quality of life at home or in a community-based setting.
- ❖ **Senior Grant Program - Nutrition, Transportation and Support Services (NTS)-** Nutrition, Transportation and Support Services (NTS) are funded through the Older Americans Act (OAA). These services contribute to seniors' health, safety, welfare, and ability to remain independent as long as possible. NTS services often become the point of entry for seniors who may need access to other services in the continuum of long term care. DSDS solicits grant proposals every three years, and awards grants to non-profit organizations, tribal governments, school districts, and local governments. NTS Services are available to seniors age 60 and older. NTS grant funds are distributed statewide based on the State Plan Funding Formula. Services funded by the NTS grant program include: congregate and home delivered meals; nutrition education and counseling; health education and services; assisted (escorted) and unassisted transportation, homemaker; outreach and information and assistance; health promotion and disease prevention, statewide legal and media services, and supportive community services such as Senior Companion, Retired Senior Volunteers, and Foster Grandparent/Elder Mentor Programs.

A final excerpt from the ACOA plan concerns the *State Plan Funding Framework*. The State of Alaska has in the past used a funding framework in allocating funds to regions of the state formed by grouping together census areas that share common geographic and other conditions. Under the terms of the Older Americans Act (OAA), a state's funding method must be consistent and equitable, and must reflect the distribution of the state's frail, low-income, minority and rural seniors, the populations targeted by OAA services. The State Plan Advisory Committee which worked on creating this document examined a wide variety of funding scenarios which would both accurately reflect the distribution of the target populations among the regions, and yet ensure that no region would be forced to absorb massive funding cuts which might cause the elimination of much-needed services. It should be noted this plan was still in DRAFT form in July 2007 and open to public input of suggested changes.

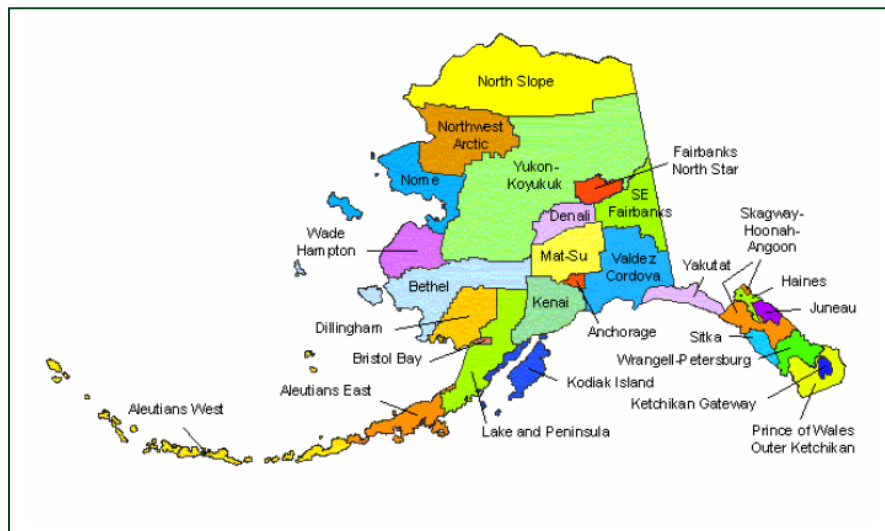


Figure 3a. State plan funding framework regions

FY 2008 – 2011 Funding Formula for Title III and Title V Programs
Sample Funding of \$1,000,000

	(1) 60+ Pop. 12.5% (2006)	(2) 80+ Pop. 12.5% (2006)	(3) 60+ Minority 25% (2005) (2006)	(4) 65+ Low- Income Households 25% (2000)	(5) 60+ Rural 25% (2005)	(6) Total Allocation	(7) % of Available Funds
Northwest Region							
Nome Census Area	910	130	708	226	910		
North Slope Borough	581	66	505	72	581		
Northwest Arctic Borough	634	83	543	104	634		
Total Northwest Region	2,125	279	1,756	402	2,125	\$52,208.11	5.2%
Interior Region							
Denali Borough	197	11	39	10	197		
Fairbanks North Star Borough	7,864	989	1,148	806	4,899		
Southeast Fairbanks Census Area	887	87	135	155	887		
Yukon-Koyukuk Census Area	829	119	565	256	829		
Total Interior Region	9,777	1,206	1,887	1,227	6,812	\$150,779.56	15.1%
Southwest Region							
Aleutian Islands East Borough	155	9	112	23	155		
Aleutian Islands West Borough	303	18	196	32	303		
Bethel Census Area	1,503	197	1,296	326	1,503		
Bristol Bay Borough	136	14	58	23	136		
Dillingham Census Area	502	66	380	97	502		
Lake and Peninsula Borough	182	21	130	42	182		
Wade Hampton Census Area	602	89	557	168	602		
Total Southwest Region	3,383	414	2,729	711	3,383	\$83,732.51	8.4%
Southeast Region							
Haines Borough	435	73	65	83	435		
Juneau Borough	3,776	571	797	432	0		
Ketchikan Gateway Borough	1,980	314	410	280	1,980		
Prince of Wales – Outer Ketchikan	802	78	360	151	802		
Sitka Borough	1,363	242	442	143	1,363		
Skagway-Hoonah-Angoon C.A.	500	72	174	85	500		
Wrangell-Petersburg Census Area	1,090	201	197	243	1,090		
Yakutat Borough	82	6	32	6	82		
Total Southeast Region	10,028	1,557	2,477	1,423	6,252	\$165,653.50	16.6%
Southcentral Region							
Kenai Peninsula Borough	7,568	962	711	1,125	4,074		
Kodiak Island Borough	1,292	151	614	185	1,292		
Matanuska-Susitna Borough	8,394	1,001	672	930	6,497		
Valdez-Cordova Census Area	1,198	159	254	203	651		
Total Southcentral Region	18,452	2,273	2,251	2,443	12,514	\$275,257.06	27.5%
Anchorage Region							
Anchorage Borough	27,769	3,803	5,443	3,083	0		
Total Anchorage Region	27,769	3,803	5,443	3,083	0	\$272,369.25	27.2%
Total Population	71,534	9,532	16,543	9,289 (41.4%)	31,086		
Total State Allocation	\$125,000	\$125,000	\$250,000	\$250,000	\$125,000	\$999,999.99	100%

Figure 3b. Sample Distribution of \$1,000,000 to regions based upon 2007-2011 DRAFT formula

Explanation of Funding Formula Detail:

(1) Figures in this column represent the population age 60 and older according to the Alaska Department of Labor's 2006 population estimates.

(2) Figures in this column represent the population age 80 and older according to the Alaska Department of Labor's 2006 population estimates.

(3) Figures in this column represent the number of minority (non-white) seniors age 60 and older, by applying 2005 percentages to the AK DOL 2006 senior population estimates. These figures will be replaced with 2006 minority numbers as soon as they are available. The numbers are based on the percentage of seniors who are members of a minority race or who are multi-racial.

(4) Figures in this column represent the number of senior-headed households, rather than individuals that had 1999 incomes of less than \$30,000, based on the 2000 census. This is an imperfect measure of low income, as poverty thresholds vary according to the size of the household. However, for 1999, this \$30,000 cut-off would equate to 290% of poverty for a single-person household, 217% of poverty for a two-person household, 173% of poverty for a three-person household, 145% of poverty for a four-person household, etc. Most seniors live in one-or-two person households.

(5) Figures in this column represent an estimate of the number of seniors living in rural areas of the state in 2006. They were arrived at using this plan's definition of rural, computing the percentage of individuals in each census area who live in rural areas by that definition, and applying that percentage to the census area's 2006 age 60+ population. All census areas are 100% rural except for: Fairbanks North Star Borough (62.3% rural – all except residents of Fairbanks and Ester); Anchorage Borough (0% rural); Kenai Peninsula Borough (53.8% rural – all except residents of Kenai, Soldotna, Homer, Seward, and Sterling); Matanuska-Susitna Borough (77.4% rural – all except residents of Palmer, Big Lake, Wasilla, and Willow); Valdez-Cordova Census Area (54.3% rural – all except residents of Valdez); and Juneau Borough (0% rural).

(6) This column shows the total amounts allocated to each region from a hypothetical \$1 million in funds available.

(7) This column shows the percent each region would receive of the total funds available, using this funding framework.

4.0 COMPARING LONG TERM CARE FACILITIES & SERVICES

4.1. INTRODUCTION

Long Term Care encompasses a range of medical and/or social services designed to help people recover from, or cope with, disabilities or chronic care needs. Services may be short or long-term and cover acute/intermediate care services or assistance with daily activities. Facilities supporting long term care encompass hospitals, residential facilities, and private homes. The intensity of services provided and the type of facility required vary depending upon the disability or chronic disease being treated, the services being provided, or the flexibility of the insurance program paying for the services. Advances in medical technology, emphasis upon shortened hospital inpatient stays, and the combining of medical and social services in a non-acute care environment means more care is being provided in private homes and residential facilities.

In-home care may be provided by family members with clinical assistance from case managers or visiting clinicians. Situated between home care and acute care facilities are independent and intermediate care facilities. These facilities may resemble apartment complexes or group living residences. Here, residents may live independently and simply pay rent for the residence occupied. Other residents may need various levels of assistance with basic needs or simply a mechanism to signal for immediate assistance in case of an accident or medical emergency.

Two terms are typically used in describing “basic needs.” These terms are “Activities of Daily Living” (ADL) and “Instrumental Activities of Daily Living” (IADL). ADLs cover personal activities such as bathing, eating, dressing, mobility, transferring from bed to chair, and using the toilet. IADLs cover household/independent living tasks such as using the telephone, taking medications, money management, housework, meal preparation, laundry, and grocery shopping. A person’s ability to perform the tasks associated with these two terms is used to measure how dependent a person may be upon requiring assistance. Figure 2 provides a basic correlation between the level of long term care and intensity of staff and services that are required.

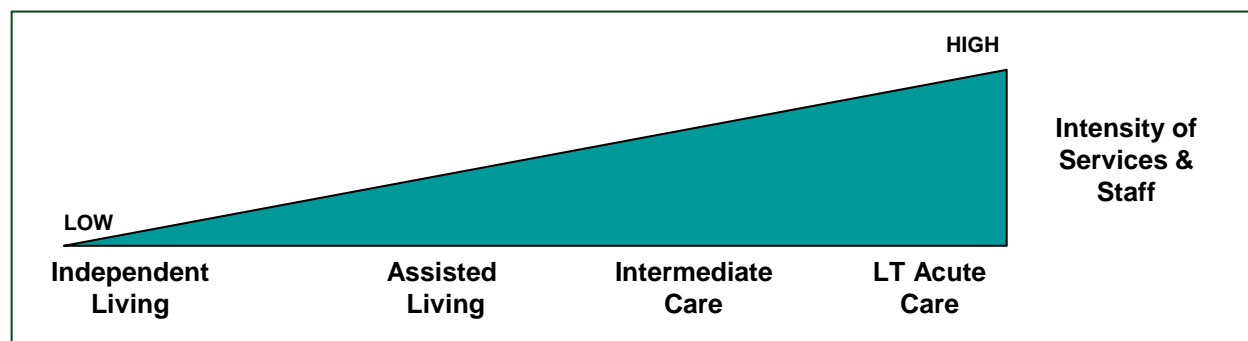


Figure 4. Spectrum of Long Term Care Services

4.2. LONG TERM CARE FACILITIES & SERVICES

4.2.1. Long Term Acute Care Facility

Long Term Acute Care (LTAC) encompasses care provided to patients that require hospitalization beyond the normal inpatient stay limits (typically 5-10-days). This includes such services as caring for extended stay intensive care patients that require mechanical ventilation, are recovering from pulmonary disease, or suffer from chronically debilitating ailments. LTAC requires highly skilled clinical staff, advanced life support systems, and 24/7 care. Long Term Acute Care facilities are typically located in urban areas where there is access to medical specialists and the logistical services found in an urban center. The facilities themselves mirror hospitals in their complexity and design.

4.2.2. Intermediate Care Facility

Intermediate Care offers residents personal care as well as skilled nursing care on a 24-hour a day basis. Services encompass nursing care, personal care, room and board, supervision, medication, therapies and rehabilitation. Rooms are often shared, and communal dining is common. Intermediate Care Facilities tend to have a more informal design and atmosphere than Acute Care Facilities but still offer a clinical nursing level of patient care. In recent years, Intermediate Care Facilities have been impacted by the development of assisted living facilities. These facilities have a lower operational cost per patient/resident and have siphoned-off many of the less intensive care residents that historically were found in Intermediate Care Facilities.

4.2.3. Assisted Living Facility

Assisted Living offers housing and personal care services. Services such as meals, supervision, and transportation are usually provided by the owner or manager. Personal Care Assistants provide a majority of the hands-on care while being overseen by a trained supervisor in lieu to nursing staff found in the Intermediate Care Facility. The Assisted Living Facility may resemble 1) individual apartments with congregate areas for dining and social activities, 2) a group living residence, or 3) a single family home.

4.2.4. Independent Living Facility

Independent living offers rental units in which services are not included as part of the rent, although services may be available on site and may be purchased by residents for an additional fee. This facility may sometimes be combined with an Assisted Living Facility to offer elders a residence that allows for the incremental addition of services as residents age and lose their dexterity or mobility.

4.2.5. Home Health Care

Home care Includes a wide range of health-related services such as assistance with medications, wound care, intravenous (IV) therapy, and help with basic needs such as bathing, dressing, mobility, etc., which are delivered at a person's home. These services may be provided by a visiting clinician or a Personal Care Assistant under the supervision of a clinician (typically a registered nurse).

4.3. OPERATING COSTS

Operating costs associated with Long Term Care programs are typically associated with three costs centers: 1) Staff costs, 2) Supplies, Equipment, and Services costs, and 3) Facility costs. High intensity services, such as provided in a LTAC, correlate to high cost centers. In a rural community such as Unalakleet, availability of adequate staff can be just as difficult to overcome as high costs. However, assisted living services that focus upon providing adequate housing, whether this involves remodeling a private home or building a group residence, and providing a mix of social and health services can build upon existing community or regional services infrastructure to lessen the costs and staffing challenges.

An example would be a community's desire to provide a program that helps elders remain in their home. This could entail providing home improvement services in partnership with the Alaska Rural Community Action Program that currently coordinates a grant for such services in Western Alaska. Providing home meals *could* entail a partnership with the Bering Straight School District; providing the district funds for community school cafeterias to prepare additional meals for the Senior Nutrition Program. The desire to assist elders in monitoring compliance with prescription pharmaceuticals, providing home health care, making patient appointments, and scheduling transportation to regional hospitals *could* involve a partnership with the Norton Sound Health Corporation to have Personal Care Assistants coordinate their home visits with the Community Health Providers. This enables the health providers to extend their patient contact and monitoring through the Personal Care Assistants/

When a community identifies the Long Term Care services it desires to provide, then looks for potential efficiency through partnerships with existing service organizations, the overall cost of services can be reduced. Plus, the availability of staff may be less of a challenge. Once potential partnerships are investigated the actual requirements for a facility can be better defined. The goal in providing services should be to reduce the three cost centers through partnerships that build upon existing service delivery systems and eliminate duplication of services. When this is accomplished the cost for services can be reduced or spread over a broader base of resources that may have the excess capacity to devote to providing long term care services.

5.0 ARCHITECTURAL PRESENTATION & CONCEPT FOR FACILITY

5.1. INTRODUCTION

The architects within Larsen Consulting Group approached the design of this project with an emphasis upon providing a residential living facility that could offer an independent living environment as well as assisted living services (primarily through Personnel Care Assistants). Architects reviewed *The Green House Project* program and video presented by NCB Capital Impact, Inc. to learn of new design features that foster a quality living environment and independence of elder residents. Special emphasis was placed upon developing an environment that incorporated the cultural practices of the region (such as subsistence food preparation and storage) and provided a facility that empowered residents to choose the level of service they desired. The next phase dealt with reviewing the site designated by the tribal council for the facility for adequacy in size and location to community utilities. Another goal was to ensure the facility was nearby or collocated with the sub-regional health facility so residents would have ready access to primary care services. Finally, the architects reviewed past studies (summarized in Section 4) to size the facility for the best economy while ensuring it could be easily expanded in the future should more resident apartments be desired.

In studying the initial site designated for the facility (Block 33, Lots 1 & 2), the architects believe additional space is required to accommodate the facility and vehicle parking. This may involve providing an additional lot and potentially re-platting the existing lots to increase their width (as illustrated in Figure 6). Another consideration is collocating the facility with the sub-regional clinic (as illustrated in Figure 8). This could be accomplished with the existing space just North of the clinic, or by vacating 4th Street and adding this land to the existing clinic plat.

5.2. THE FACILITY

The facility conceived for this project can serve as an independent or assisted living facility. The difference would depend more on staffing rather than facility design. The approximately 6,000-square foot facility provides six apartments for living, sleeping, and bathing. Residents share a common lounge, dining, and kitchen area. Space is provided for a facility manager and linen service. In addition, a den is provided as a quiet place to relax or visit with extended family members. Also provided is a hydrotherapy area for visiting physical therapy use. However, the Unalakleet Sub-regional Clinic also has this service. Therefore, this portion of the residential facility could be used as an office for outreach programs such as Personal Care Assistant home visits or community elder meal programs that occur outside of the residential facility.

Other functions, such as a traditional foods preparation, smokehouse, and storage area would be adjacent to the facility. The same is true for a sauna or sweat lodge. This enables traditional activities to occur on the site while protecting the residence facility from fire hazards. See Section 7 for the diagram of activities this facility attempts to address.

The facility would possess a sprinkler system in accordance with National Fire Code. A resident call system could either be installed in each resident room and bathroom or residents requiring assisted living could be provided a portable call device to wear on their person.

5.3. FACILITY DESIGN AND SITING

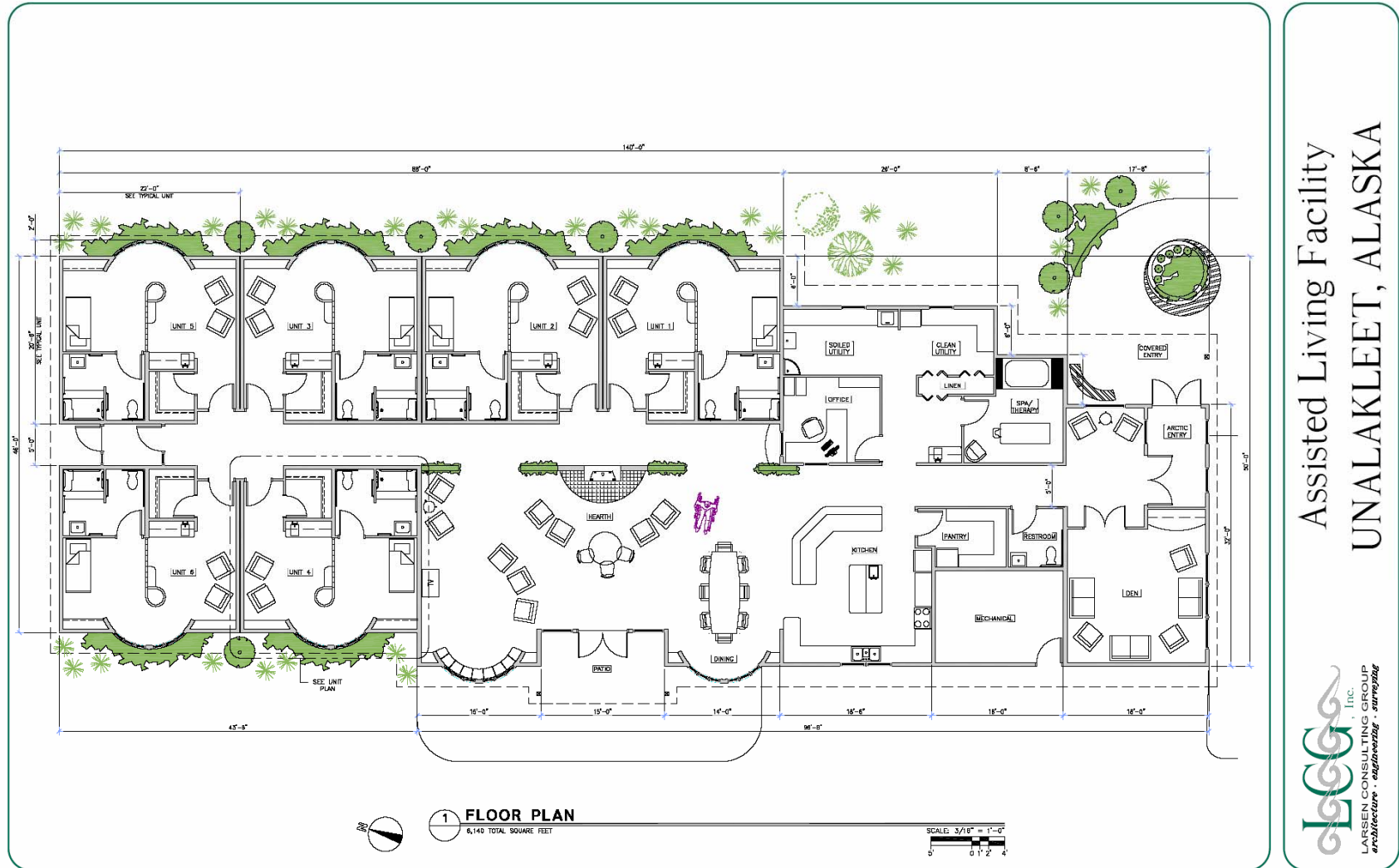


Figure 5. Elder Facility Floor Plan

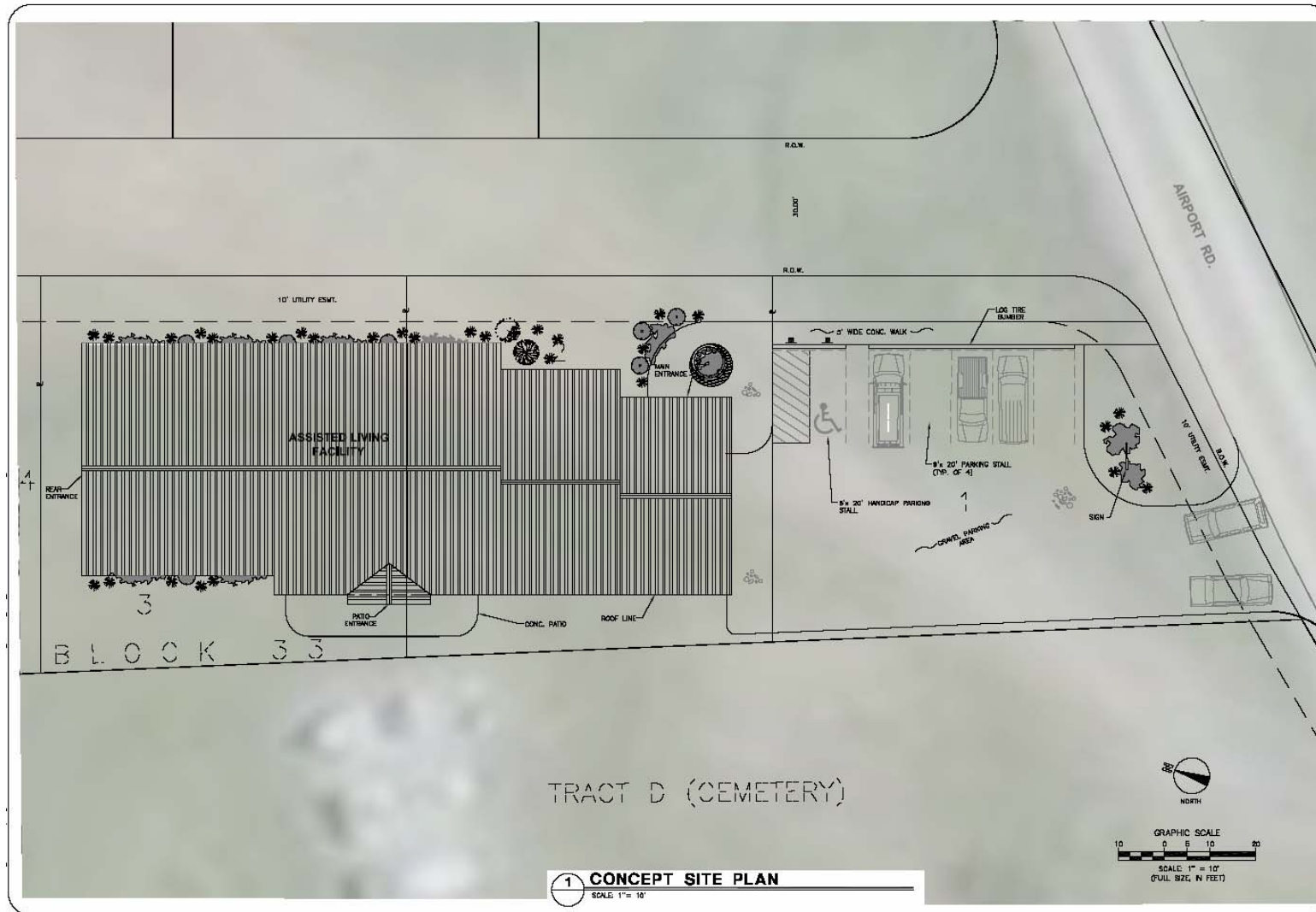


Figure 6. Elder Facility Siting on Block 3, Lots 1, 2, & 3

Assisted Living Facility
UNALAKLEET, ALASKA

LCG, Inc.
LARSEN CONSULTING GROUP
architecture • engineering • surveying

5.4. PROJECT SITE MAP

Unalakleet Elder Assisted Living Facility Site Map

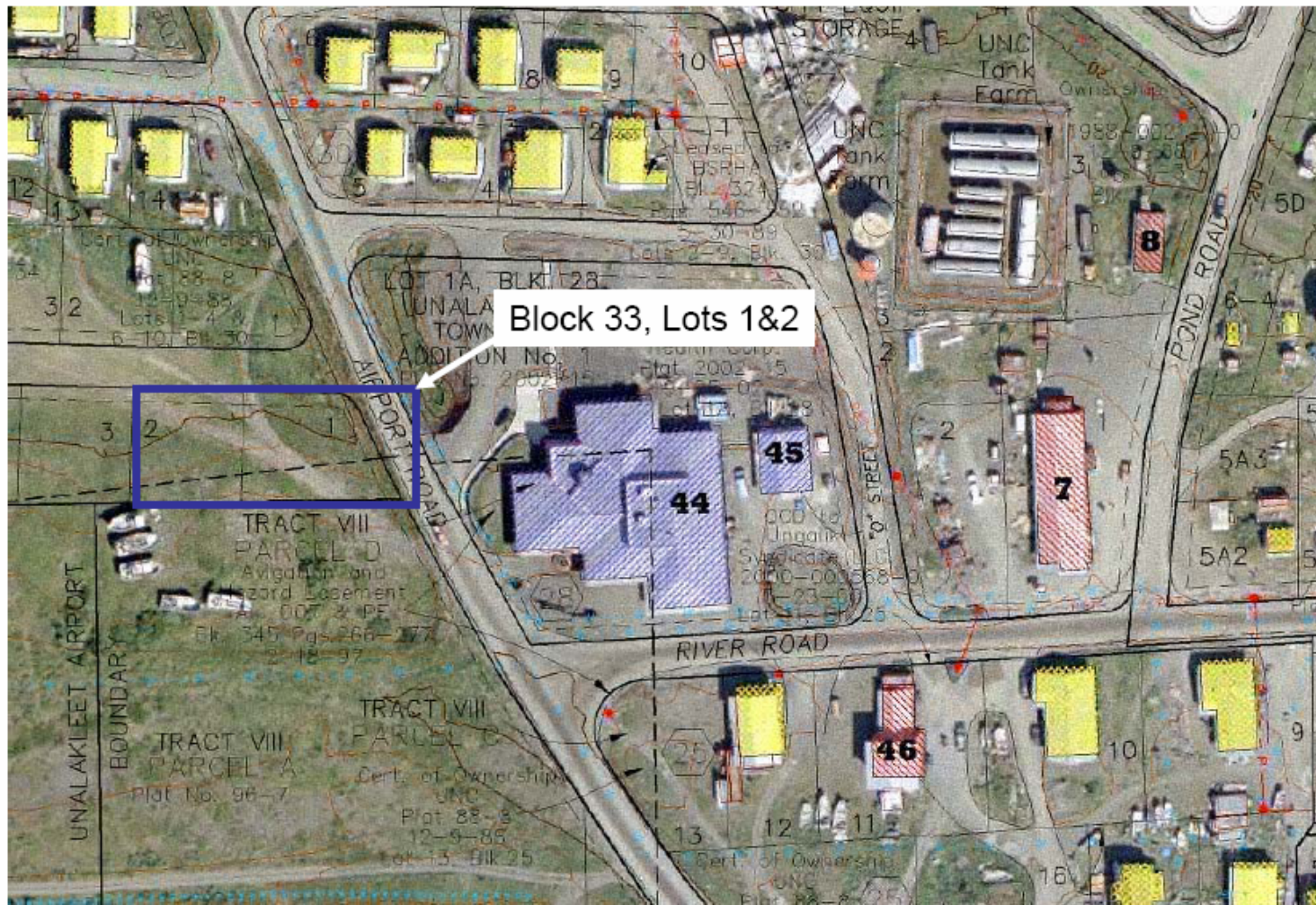


Figure 7. Designated Site for Facility

Unalakleet Elder Assisted Living Facility Site Map

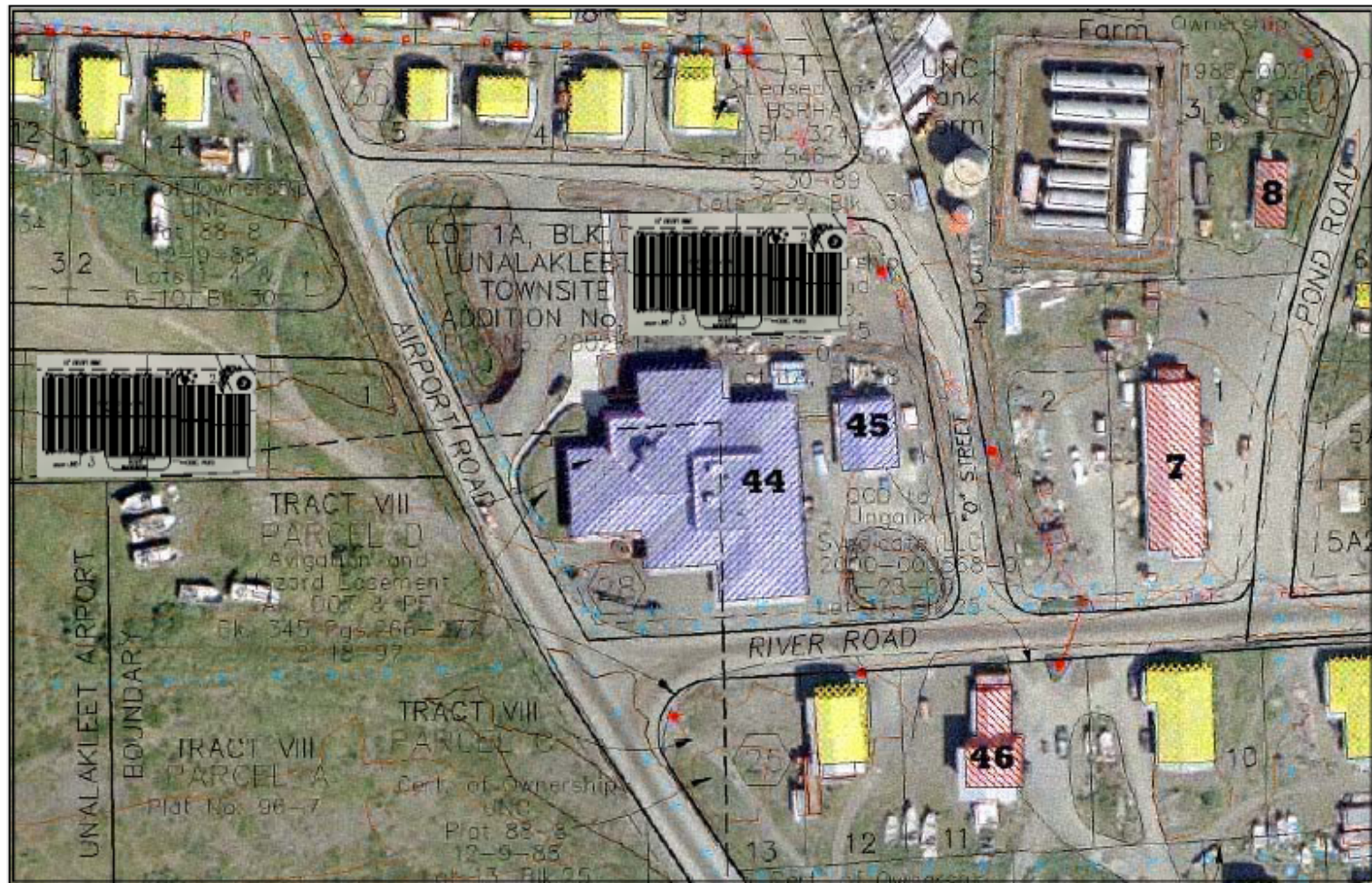


Figure 8. Potential Sites for Facility

Unalakleet Elder Assisted Living Facility Site Map – Potential Locations

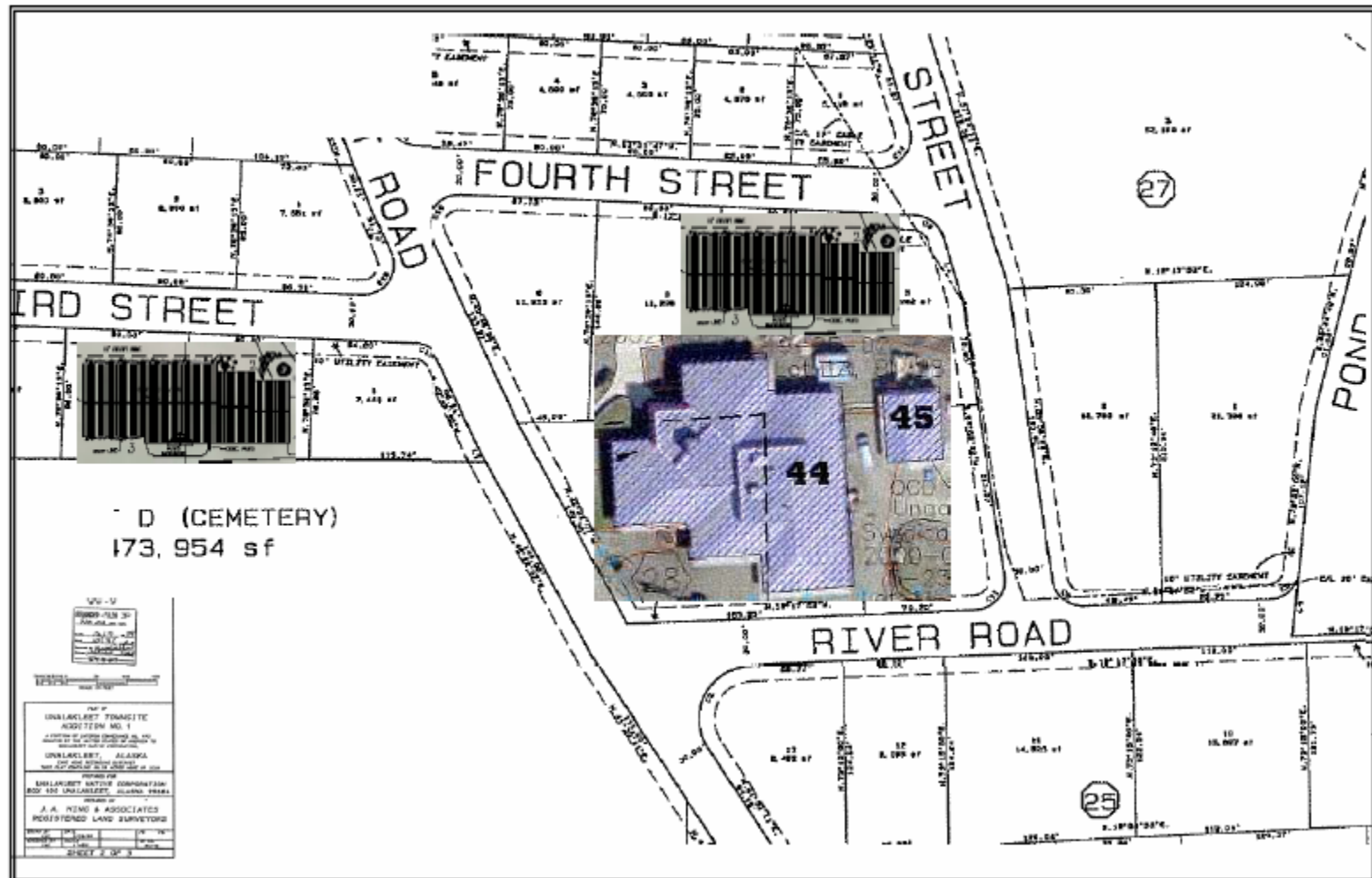


Figure 9. Plat Map of Area – Potential Locations

6.0 ARCHITECTS OPINION OF PROBABLE COST

The probable cost for this project was derived from information gathered during the May 2007 site visit and a review of general construction and freight costs of other construction projects within the region. Table 7 details the probable costs based upon 2007 indexes to obtain site control, extend utilities, and construct and furnish the facility. A ten-percent escalation rate should be added to each year in the future until construction begins.

Budget Item	Unit Cost	Units	Total Cost
Land Donation	\$0	~21,000 SF	\$0
Design & Site Investigation	10% of line 2	1 Lot	\$180,000
Building Shell & Foundation	\$300/SF	6,000 SF	\$1,800,000
Freight – Building Materials	\$150,000	1 Lot	\$150,000
Utility Connections	\$75,000	1 Lot	\$75,000
Furnishings (Shipped to Unalakleet)	\$285,900	1 Lot	\$285,900
TOTAL			\$2,490,900

Table 7. General cost categories for project

Table 8 is based upon the architectural floor plan in Section 5. The table lists furnishings, cabinetry, and major mechanical components for the finished facility. The facility, as drawn, would provide for independent living apartments with a common cooking, dining, and lounge area. Offices are provided for a facility manager, linen services, and potentially an outreach program manager (in lieu of a Hydrotherapy Room) that would oversee Personal Care Assistants and off-site elder meal programs.

Apartment

Overstuffed Chair	2	\$ 500.00	\$ 1,000.00
Double Bed Frame	1	\$ 1,000.00	\$ 1,000.00
Full Mattress/Springs	1	\$ 1,500.00	\$ 1,500.00
Television	1	\$ 200.00	\$ 200.00
3.0 CF Refer/Sink/Cabinet	1	\$ 800.00	\$ 800.00
HC Shower 60"-Complete	1	\$ 2,000.00	\$ 2,000.00
Toilet	1	\$ 200.00	\$ 200.00
Sink-Complete	1	\$ 500.00	\$ 500.00

Subtotal \$ 7,200.00

of Apartment Units 6

Six Apartments Subtotal \$ 43,200.00

Dining/Lounge Area

Overstuffed Chair	9	\$ 500.00	\$ 4,500.00
Table, 36 in round	1	\$ 200.00	\$ 200.00
Table, Dining, 36x84 in	1	\$ 1,500.00	\$ 1,500.00
Table, End	1	\$ 150.00	\$ 150.00
Chair, Table	3	\$ 100.00	\$ 300.00
Chair, Dining	8	\$ 200.00	\$ 1,600.00
Television, 48 in	1	\$ 1,500.00	\$ 1,500.00
Fireplace, Propane w/ Stack	1	\$ 3,500.00	\$ 3,500.00

Subtotal \$ 13,250.00

Kitchen

Range, Electric	1	\$ 800.00	\$ 800.00
Refer, 30 CF	1	\$ 6,000.00	\$ 6,000.00
Cabinets, Base & Wall	25	\$ 400.00	\$ 10,000.00
Countertop, Laminated LF	50	\$ 20.00	\$ 1,000.00
Sink/Faucet	2	\$ 200.00	\$ 400.00
Subtotal			\$ 18,200.00

Administrative/Utility/Restroom

Workstation, Complete	1	\$ 8,000.00	\$ 8,000.00
Washer/Dryer, Residential	1	\$ 2,000.00	\$ 2,000.00
Countertop, Laminated LF	25	\$ 20.00	\$ 500.00
Sink-Complete	1	\$ 500.00	\$ 500.00
Toilet	1	\$ 200.00	\$ 200.00
Sink-Complete	1	\$ 500.00	\$ 500.00
Subtotal			\$ 11,700.00

Mechanical

Burnham Boiler	1	\$ 6,000.00	\$ 6,000.00
Amtrol Indirect Water Heater	1	\$ 3,000.00	\$ 3,000.00
Hydronic Heating Components	1	\$15,000.00	\$ 15,000.00
Heat Recovery Ventilator	3	\$ 5,000.00	\$ 15,000.00
Subtotal			\$ 39,000.00

Lounge/Entry

Overstuffed Chair	11	\$ 500.00	\$ 5,500.00
Table, End	1	\$ 150.00	\$ 150.00
Subtotal			\$ 5,650.00

Hydrotherapy Room **

Chair	1	\$ 100.00	\$ 100.00
Table, Physical Therapy	1	\$ 1,800.00	\$ 1,800.00
Bath, Whirlpool	1	\$ 3,000.00	\$ 3,000.00
Subtotal			\$ 4,900.00

Freight FOB Unalakleet			\$150,000
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Total			\$285,900.00
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Table 8. 2007 estimated cost for furnishings and building mechanical components

7.0 DEVELOPING A SERVICE DELIVERY PLAN

7.1. WHAT SERVICES DO OUR ELDERS NEED AND WANT?

The ANTHC report discussed in Section 5 presents a summary of statewide input of elder needs and desires. The report provides an excellent description of the types of services Alaskan Native elders have indicated are important. These services applicable to Unalakleet are (summarized for brevity):

- ❖ Personal care services that allow elders to remain in their own homes
- ❖ Comprehensive care and tracking of chronic illnesses to assist elders in living healthier lifestyles.
- ❖ Monitoring elder medications to ensure prescriptive compliance, prevent adverse drug reactions, and identify potential contraindications with multiple prescriptions.
- ❖ Adequate housing for elders through universal design renovations to private homes and construction of culturally sensitive group facilities.
- ❖ Providing information and support to family members caring for elders experiencing dementia disorders.
- ❖ Providing venues for sharing traditions and participating in intergenerational (elder/youth) activities
- ❖ Providing access to palliative care so terminally ill elders can remain in their communities.
- ❖ Integrating traditional healing into long term care services

7.2. WHAT SERVICES CAN WE AFFORD TO OFFER?

Unalakleet should review all of the elder programs being offered in the sub-region and attempt to consolidate the oversight of these programs within one facility. This facility should be designed to provide program oversight while offering residential services for both independent living and assisted living. In general, programs can be placed into three categories:

7.2.1. Programs to Enable Elders to Continue Living in Their Own Homes

- ❖ Home modifications to incorporate universal design improvements that make homes more “user friendly” to elders and people with disabilities.
- ❖ Home modifications to improve energy efficiency through weatherization that reduce the monthly costs of home ownership.
- ❖ Personal assistant visits to help with Activities of Daily Living
- ❖ Elder meals delivered to the home to reduce the monthly costs associated with food.

7.2.2. *Programs to Manage Elders Health*

- ❖ Case management of elders requiring post-hospitalization treatment or care
- ❖ Health promotion management and advocacy to monitor elders for illnesses, proper nutrition, compliance with medication dosages, and identify potential contraindications when elders have multiple prescriptive pharmaceuticals.
- ❖ Coordination of medical appointments and transportation to secondary and tertiary medical facilities.
- ❖ Coordination of the medical care team to reduce duplication of services and improve care delivery.
- ❖ Social and recreational programs that improve elder's quality of life and foster cultural intergenerational interaction.
- ❖ Health monitoring and emergency response for elders in distress that signal the need for immediate aid.
- ❖ Provide medical supplies and equipment (and equipment maintenance) for in-home care.

7.2.3. *Programs to Provide Residential Living*

- ❖ Provide a facility that offers group social and recreational areas.
- ❖ Provide for residential quarters that support both independent or assisted living
- ❖ Provide storage spaces for resident belongings and property
- ❖ Provide for culturally significant activities, such as smokehouse or sweat lodge

7.2.4. *Program Financing*

Financing the aforementioned services requires an influx of private and public funds. Program managers should first look to elder participant's ability to pay for services through private insurance, private funds, or retirement benefits. Next should be the participant's ability to qualify for publicly funded programs. Within Alaska, the following public programs are available:

- ❖ Alaska Department of Revenue, Alaska Housing Finance Corporation (AHFC). This entity offers multiple programs, many subsidized by the US Department of Housing & Urban Development (HUD) to assist in rent subsidy or fund construction of residences.
- ❖ Housing Choice (Section 8) Program pays a portion of the monthly rent by providing direct payment to the property owner to make up the difference between the full lease rent and no more than 30% of the tenants adjusted gross income.
- ❖ Beneficiary And Special Needs Housing Grant Program (SNHG) provides AHFC corporate dollars through competitive grants to non-profit service providers and housing developers for construction of housing for the Alaskan special needs populations, primarily the beneficiaries of the Alaska Mental Health Trust. Funds from this program

can be used for planning and construction activities and may provide for congregate, supportive and transitional housing types.

- ❖ Greater Opportunities for Affordable Living (GOAL) provides grants, federal tax credits and zero-interest federal loans to developers and project sponsors who build affordable rental housing for low-to-moderate income families and seniors. The program is open to for-profit corporations, non-profit agencies and regional housing authorities.

7.2.4.1. Social Security Administration offers:

- ❖ Social Security Retirement Benefits. This program pays benefits to those seniors of eligible age that paid into the social security system during their working years. The program is funded by the social security tax upon wages.
- ❖ Supplemental Security Income (SSI). This program is funded by federal tax revenue as opposed to social security taxes. As such, it is designed to help aged, blind, and disabled people who have little or no income and provides cash to meet the basic needs for food, clothing, and shelter.

7.2.4.2. AK Department of Health & Social Services, Div. of Public Assistance offers:

- ❖ Food Stamp Program- The US Department of Agriculture Food Stamp Program is designed to increase the food purchasing power of low-income households. Food stamps can only be used to purchase food or plants and seeds to grow food. Food stamps cannot be used to buy non-food items such as pet foods or alcoholic beverages. Under certain circumstances, food stamps may be used to purchase food from nonprofit meal delivery services and communal dining facilities (such as senior centers).
- ❖ Alaska SSI supplements the federal benefit of the same title. Participants must meet the federal SSI eligibility requirements to receive the state benefit.
- ❖ Elderly Nutrition Program provides funds for nutrition, transportation, and supportive services to senior. This program assists individuals, age 60 and over, including their spouse of any age, in obtaining at least one hot meal per day, five or more days a week. Funds are provided through the Alaska Department of Health & Social Services, for non-profit agencies or local governments, and the Indian Health Service for tribal governments.
- ❖ Medicaid pays for a broad range of medical services for people with low income and assets (or resources). Basic services include doctor visits, inpatient and outpatient hospital services, lab tests, x-rays, medical transportation, family planning services, nursing facility services, home health, and nurse practitioner services. Medicaid funds can be used to fund Personal Care Assistants to help elders with ADL. Alaska Medicaid provides for both agency directed and consumer directed care.
- ❖ Medicaid CHOICES provides funds to enable seniors to receive nursing home level services within their private residence or an independent/assisted living facility. Services include adult day care, chore services, assisted living home care, respite services, transportation, and home delivered meals. To qualify, participants must meet certain financial and level of care criteria.

7.2.4.3. US Dept. of H&HS, Centers for Medicare & Medicaid Svcs. (CMS)

The US Dept. of Health & Human Services: The federal Medicare program is separate from the state Medicaid program. Some participants may be eligible for both programs. Medicare offers:

- ❖ Medicare Advantage plans (Part C) - If you have Medicare Parts A (Hospital Insurance) and B (Medical Insurance), you can join a Medicare Advantage (formerly Medicare + Choice) plan. Medicare Advantage plans include:
 - ◆ Medicare managed care plans;
 - ◆ Medicare preferred provider organization (PPO) plans;
 - ◆ Medicare private fee-for-service plans; and
 - ◆ Medicare specialty plans.
- ❖ Medical Pharmaceutical Program (Part D) - Anyone who has Medicare hospital insurance (Part A), medical insurance (Part B) or a Medicare Advantage plan is eligible for prescription drug coverage (Part D).

7.2.4.4. Alaska Adult Protective Services

This state program assists adults, age 18 and over, who because of a mental or physical impairment, can no longer provide for their basic needs for food, clothing, shelter, or medical care. APS assists adults through either voluntary or legal intervention. APS services can include home visits, counseling, financial management, cleaning, ensuring provision of home care, finding alternative living arrangements, or applying for guardianship for persons who have no one to assist them.

7.2.4.5. The Rural Alaska Community Action Program (RurAL CAP)

RurAL CAP provides US Department of Energy funds for weatherization and rehabilitation programs to refurbish older homes to make them warmer and more energy efficient.

7.3. WHAT SERVICES CAN WE STAFF?

While Unalakleet may be able to secure recurring funding for services, and construct a facility to coordinate or provide services, obtaining and financing qualified applicants from the local population to staff the various programs may be an obstacle. Paraprofessional workers are the backbone of the providing elder services. They provide the necessary care and support to seniors and those with chronic disease or disabilities. However recruiting and retaining these workers has a number of challenges:

- ❖ Wages and benefits may not be competitive with other employment opportunities.
- ❖ Job orientation, initial skills training, annual sustainment training, required certifications, and access to clinical mentors may be difficult and expensive to provide in rural communities.
- ❖ The profession typically lacks a career ladder for workers to advance.

- ❖ Workers may not feel respected for their services and often feel excluded from elder care management even though they may have the most interaction with the elders.
- ❖ State requirements for worker qualifications may restrict the number of eligible applicants in the labor market.
- ❖ Wages and benefits is one of the highest costs centers associated with program delivery and may not be totally covered by public grants or subsidies.

Unalakleet should consider partnering with other tribal organizations to help in obtaining, training, and funding the staff they will need to provide elder services. Unalakleet may want to begin their elder services program with community outreach services such as Personal Care Assistants (PCAs) providing in-home assistance with Activities of Daily Living (ADLs), care, and meals (Elder Nutrition Program). This aspect of the program could be overseen by two managers, a program manager to hire, train, and pay the PCAs, and a clinical manager to PCA services are integrated into the health corporation's community total wellness program.

In this scenario, consider partnering with the Norton Sound Health Corporation. PCAs would work for the program manager but communicate with the clinical manager to concerning the well being of elders they are servicing. In addition, PCAs could meet with community health aides in the communities where they are performing home visits to assist in monitoring an elder's home health status. A potential partnership of service providers is illustrated below.

Such a network is beneficial to both parties because it integrates the outreach services into the established sub-regional primary care system and allows for information to pass through established medical information channels, thereby protecting privacy while expanding sub-regional clinical providers understanding of the health of elders in their supported communities.

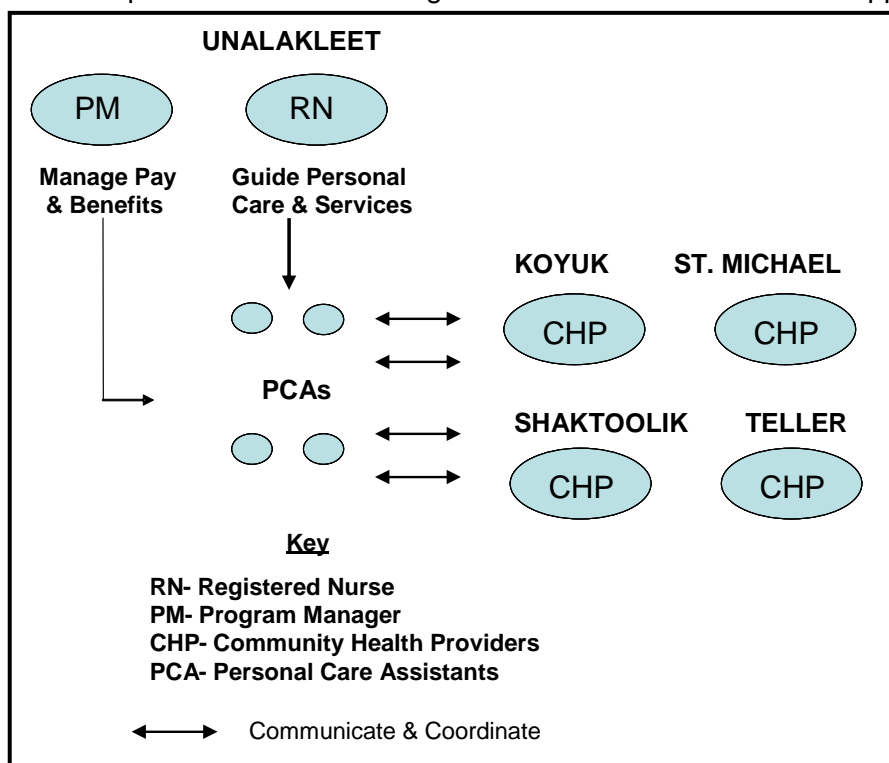


Figure 10. Managing Community Outreach Services Illustration

Staffing for the various programs would entail:

7.3.1. Programs to Enable Elders to Continue Living in their Own Homes

These programs could entail partnership with a tribal health corporation to coordinate oversight of PCA home health services through the Community Health Providers and partnership with the Bering Straights School District to prepare meals for PCA home delivery. In addition a partnership with RurAL CAP could be made to identify elder homes that need remodeling to lower operational costs and improve use through universal design modification. Long Term Care staffing would consist of:

- ❖ Program Manager based in Unalakleet to provide personnel management of PCAs.
- ❖ Registered Nurse based in Unalakleet to provide clinical oversight of PCAs.
- ❖ Community Health Providers to provide community level oversight and teaming with PCAs.
- ❖ PCAs of 1 per 2 elders serviced to help with ADLs, deliver home meals, provide home health services.
- ❖ Cooks to prepare home meals.

7.3.2. Programs to Provide Residential Living Options

These programs provide residence for those elders who no longer desire to maintain a private home. Residential options are independent living units and assisted living units. Physically, the units may be identical in design and layout. However, staff is available to provide assistance with ADLs and IADLs to those residents requiring such services.

- ❖ Residence Manager to oversee facility management (housekeeping, maintenance, collection of rents, payment of utility and other invoices)
- ❖ Supervisor over PCAs providing direction and monitoring quality of service and care provided.
- ❖ PCAs of 1 per 2 elders during the day/evening shift, and 1 per 4 elders during night shift to provide ADL's or in-residence care for residents requiring temporary (i.e. recovering from an accident) or long term services.
- ❖ Cooks to prepare congregate meals – These can be the same individuals preparing home meals in Unalakleet for delivery.

Determining the physical layout for such a facility requires drawing an activities diagram. Such a diagram enables the planner to visualize the services, activities, and administrative processes that occur in the facility design adequate space. Figure 11 illustrates such a diagram for the Unalakleet Assisted Living Facility.

Unalakleet Assisted Living Center

Activities Diagram

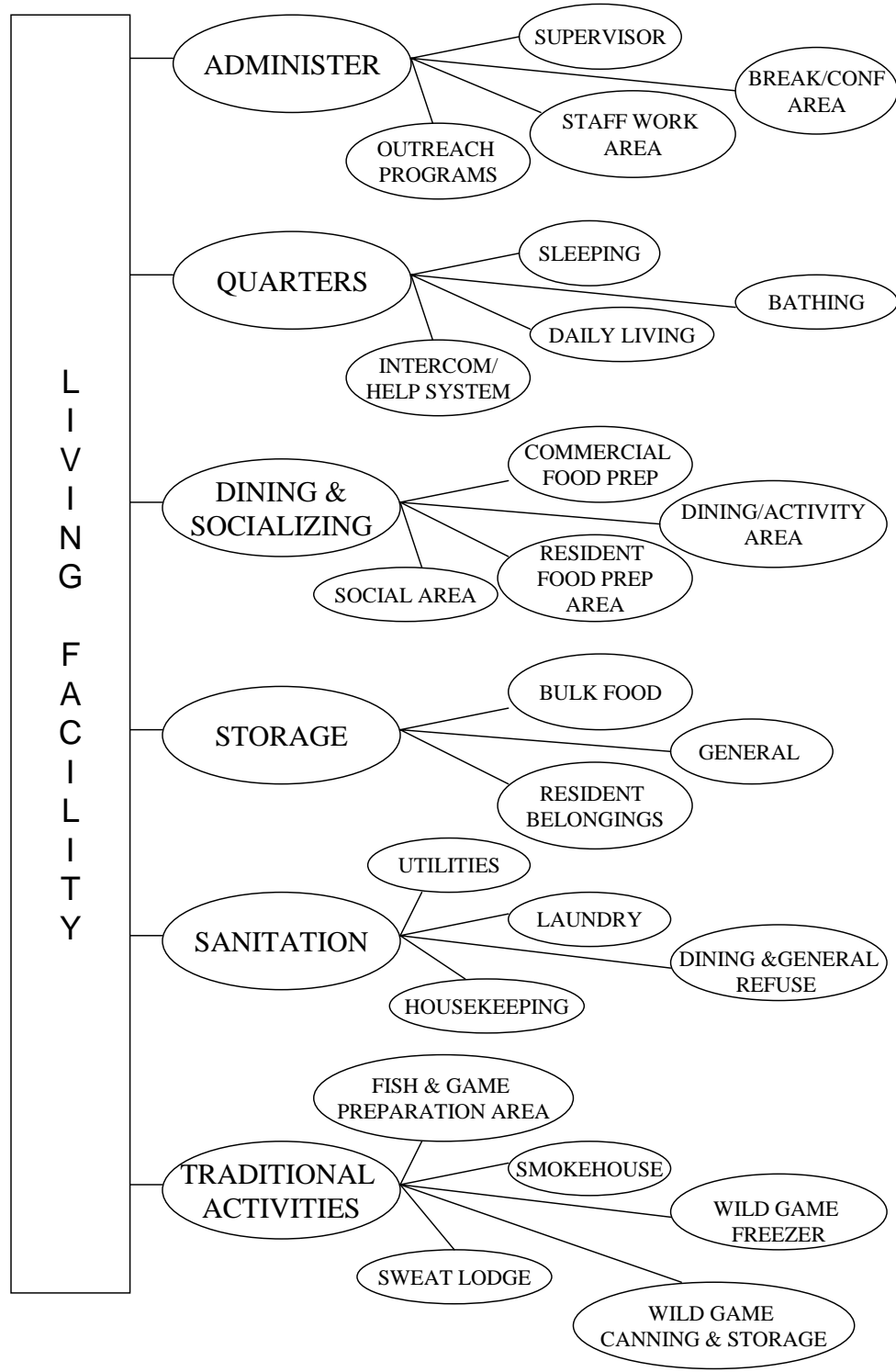


Figure 11. Unalakleet Facility Activities Diagram

8.0 DEVELOPING A BUSINESS PLAN

8.1. INTRODUCTION

The business plan is your tool to ensuring you can sustain your service delivery plan. Invest the time and effort necessary to develop a realistic business plan. Do not plan on “best case scenarios,” rather develop your plan based upon realistic assumptions based upon past experiences or comparison with similar programs. A realistic plan will result in sustainable programs. Sustainability equates to receiving enough funds every year to pay all costs associated with the facility and programs plus placing funds in a reserve for long term maintenance of the facility. Everything in the facility has a service life. Expect to experience a spike in cash needs every ten years. This is due to equipment replacement, facility renovations (painting, carpet replacement, etc), and similar cyclic costs. The goal is to develop multiple funding streams that are not interrelated. This means obtaining funds from government and private sources. Private sources include commitments from private corporations, both native and nonnative to provide annual pledges, payments from private insurance of elders serviced, and payments by elders with retirement accounts for services or housing.

8.2. COSTS

Recurring operations costs can be lumped into three categories. These are: 1) Facility Costs, 2) Personnel Costs, and 3) Program Costs. While funds received are typically targeted for one of these categories, the revenue must be spread across the categories to ensure sustainment of all operations. The costs under each category are detailed further below.

8.2.1. Facility Costs

- | | |
|--------------------|-----------------------------------|
| ❖ Electricity | ❖ Refuse Disposal |
| ❖ Water | ❖ Utility Room Annual Maintenance |
| ❖ Sewer | ❖ Repair & Upkeep Maintenance |
| ❖ Telephone | ❖ Housekeeping Supplies |
| ❖ Cable Television | ❖ Insurance |

8.2.2. Personnel Costs

- | | |
|--------------------------------|----------------------------------------------------------------|
| ❖ Vacancy Advertisements | ❖ Workers Compensation & Payroll taxes |
| ❖ Salaries | ❖ Required Continuing Education for licensure or certification |
| ❖ Health & Retirement Benefits | ❖ Administrative costs of managing the above |
| ❖ Leave/Vacation | |

8.2.3. Program Costs

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none">❖ Administrative workload of preparing grant applications❖ Administrative workload of preparing program reports to funders❖ Administrative workload of billing insurance carriers | <ul style="list-style-type: none">❖ Program supplies❖ Program transportation❖ Program travel |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|

8.3. REVENUES

Revenues are derived from program fees, grants, insurance payments, public assistance programs, and retirement benefits. Programs operating from the facility should be assessed a fee that is proportional to the space and utilities used in the facility. This fee may be in the form of rent (such as for an office) or usage fee (such as to use the kitchen to prepare elder meals). If providing clinical services, health insurance payments or long term care insurance payments may be available. Finally, some residents will have private income, such a private retirement plans or Supplemental Security Income/Social Security Income, which they can use to pay towards the room, board, and staffing provided by the facility. Revenue shortfalls must be addressed by finding other revenue streams such as corporate sponsorship or reducing services that are not fully funded.

Some revenue sources, such as public health programs, have specific facility, staff, and program requirements that must be met before payment is authorized. It is important that these requirements are known and can be met before the source is considered known revenue. Understanding the time-spans of different revenue sources is another important task. Is the source “one-time” revenue, such as a grant? Is the source “limited time” revenue (i.e. 6-months) such as some managed care health insurance? Is the source “recurring revenue” that must be renewed every year or dependent upon annual government appropriations? Identifying the various revenue sources that will fund the facility, staff, supplies, and program is important, but so is understanding how reliable those sources are towards future year operations.

8.4. THE BUSINESS PLAN

The business plan is NOT a static “one-time” document. It is a roadmap that details how the facility and programs will financially survive. The plan should be reviewed every year to identify which programs are sustainable and which are not. Those programs that are not sustainable, i.e. their costs exceed the amount of funds provided, must either be deleted, curtailed (cut expenses), or other funding sources obtained. Also critical is ensuring your funds reserve account is intact and you met your goal for contributing funds to the account for the future when equipment will need replacement.

Business Year Milestones

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
------------	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------

PT
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G
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ST

PS
PS

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I
I

Key

G – State & Federal Grant Submission windows

PS – Payroll Salaries

S – Monthly payment of invoices for supplies and services

ST – Strategic Planning Session

U – Monthly payment of utilities

W - W2 Tax Forms Issued

State & Federal Grant Windows- Communicate regularly with your grantors, either in person, by telephone, or email. This way you can stay current of the grant programs that are being offered or being considered. Some grant programs are open year-round while others have “windows” (typically a 30-90 day period of time) when applications will be accepted. Through

regular communication you will learn of these grant opportunities and have the necessary time to prepare successful applications.

Invoicing- One of the most underrated, yet most critical, position is that of the billing or finance technician. This person controls your revenue stream. A good technician that works well with private insurance, Medicaid, Medicare, and private individuals is worth an executive salary. Insurance billing is often considered an abstract science more focused upon the personalities of people involved in the claims process rather than the process itself. This is absolutely correct. Select the people who will control your revenue stream *carefully* and invest in their education. A technician who earns the trust of your payers; and can get a claim paid the first time and promptly can mean the difference between your ability to make this month's payroll or not.

Payroll Salaries & Taxes- Payroll is typically the highest cost center of any program. Plus it can be the most labor intensive to manage. The need to compute employee pay, retirement contributions, state and federal withholding, and other options while remaining current of state and federal wage and tax laws is difficult for any organization. Small organizations may want to consider contracting with a company that manages employee payroll. These firms remain current of the laws and can assist you in establishing an employee wage and benefits program.

Supplies & Services- Competing with payroll as the highest cost center are the recurring costs associated with program operations. In considering the purchase of supplies and services one should look to partnering with other organizations purchasing like items to obtain group purchasing discounts. Large tribal corporations typically have purchase agreements in place that provide discounts on supplies and services due to the large volume purchased by the corporation every year. Partnering with a larger organization in order to benefit from these discounts can reduce program operations costs. Making a long-term commitment to a provider of supplies or services is another way to obtain a discount. Every provider desires a stable cash flow of revenue. They are more likely to provide a discount on supplies and services to a customer who can commit to a ongoing relationship and project their estimated annual requirements.

Strategic Planning Session- The strategic planning session follows the audit because it utilizes the audit report to make business decisions about providing, and budgeting for, programs in the upcoming year. The planning session should be planned as a retreat. Make sure your location is such that you will not be interrupted and participants can focus upon the tasks at hand – analyzing the performance of programs over the past year and planning your service delivery program and budget for the upcoming year.

Utilities- Utility costs fluctuate based upon consumption and are typically influenced by the seasons and facility use). Your goal is leveling these costs over the year so you can plan for a “fixed-amount” bill each month. Work with your utility providers to predict your annual costs for each utility. Once this is accomplished, ask your providers to average the cost over the 12-month period so your utility cost is stable each month. Then you will have the cost figure you need to place in your monthly expense budget.

The basis of the business plan is your *cash flow analysis*. You analyze your cash flow by preparing a *program budget* detailing program expenses and revenues. In order to financially survive, every program must generate sufficient revenue to meet expenses. Before starting a program you need to perform a *cash flow analysis* and determine the *period of time* the analysis is valid for.

For example, if you want to start an elder transport program; do you have sufficient funds to pay the expenses of driver salary, vehicle purchase, and the annual costs of fuel, maintenance, insurance, and licensing? If there are sufficient funds, how reliable are the funds for future years. If your funds are from grants, can you obtain the same grants next year? Will you need to find other funding sources for future years? When you start to analyze programs by cash flow in present and future years you begin to understand which programs are really viable. Do you really want to start a new program one year, establish an expectation for the program services, and not be able to offer it in future years? Use cash flow analysis to assist you in determining which programs you will offer and how you will sustain them.

Table 9 reflects the estimated costs associated with various aspects of an Assisted Living Center in Unalakleet that offers Personal Care services only. Clinical services would require a registered nurse on-call or on staff depending upon the level of care required by the resident.

Expenses			
Living Facility Utilities		Annual Cost	Remarks
	Phone	\$600	
	Electricity	\$10,000	Estimate @ \$0.35 per KWH
	Fuel Oil	\$12,000	Estimate @ \$5 per gallon and 200 gal./month
	Water	\$2,400	Estimate @ \$200 per month (institutional rate)
	Sewer	\$2,400	Estimate @ \$200 per month (institutional rate)
	Cable TV	\$1,200	Estimate @ \$100 per month
Facility Support Staff			
	Manager Salary	\$52,416	One position @ \$21/hr for 40 hrs/wk + 20% employer taxes/benefits
	Custodian Salary	\$19,710	One position @ \$9/hr for 5-hrs per day + 20% employer taxes/benefits for 365 days/year
	Custodial Supplies & Equip.	\$6,000	
Annual Facility Repair & Upkeep			
	Mech. Rm. Annual Svc. & Insp.	\$1,500	Contractor travel from Nome & Parts
	Minor repairs and upkeep	\$3,000	Minor repairs, spot painting, etc.
Assisted Living Staff & Services			
	Personal Care Assistants	\$419,328	8 positions @ \$15/hr for 8 hrs daily (3 day staff/3 evening staff/2 night staff) + 20% employer taxes/benefits for 365 days/year
	Food Service Salaries	\$47,174	Two positions to cook food & clean utensils @ \$9/hr for 6-hrs per day + 20% employer taxes/benefits
	Resident Food & Related Supply Costs	\$87,600	Food served to six residents 3 meals + Snack @ \$40/resident/day times 365 days/year
	Office Supplies	\$6,000	Estimated @ \$500 per month
	Medical Supplies	N/A	Provided by NSHC Sub-Regional Clinic under healthcare delivery program
	Insurance, Licensing, etc.	20,000	Property & Liability Insurance, State fees
	Staff Training	\$6,000	Assumes local clinic staff can provide training to PCAs
	Reserve Account	\$5,000	For long term maintenance or replacement of utility equipment
Outreach Home Care Program		Assumes 10 Elder Participants	
	Personal Care Assistants	\$284,648	14 positions working 20 hrs./week providing care to 10 elders. Pay is \$17/hr + 15% employer taxes. Assumes elders receiving in-home care will require 4/hrs of assistance per day.
	Travel Expenses within communities	\$25,550	Assumes \$5/day per position to defray private travel costs within communities to elder residences

Table 9. Elder Services Program Annual Budget - Expenses

Table 10 reflects some of the likely revenue streams available to rural elders that would be available to be placed towards funding their expenses in an assisted living facility.

Revenues			
Source	Monthly	Annual	Remarks
Supplemental Security Income (SSI)	\$633	\$7,596	For individual that do not qualify for Social Security benefits
AK SSI Supplement/Adult Public Assistance	\$382	\$4,584	
AK Medicaid Personal Care Attendant Programs	\$6,480	\$77,760	Would provide salary for PCA up to the number of hours that are determined by assessment. The figure shown assumes 12-hours of personal care assistance per day @ \$18/hour.
AK Medicaid CHOICE Waiver	\$1672	\$20,064	Average figure for a elder that has ongoing medical or cognitive needs that require oversight
AHFC Housing Choice	\$600	\$7,200	Pays a portion of monthly rent by providing direct payment to the property owner to make up the difference between the full lease rent and no more than 30% of the tenants adjusted gross income. The figures shown assume a rent of \$1000/month.
AK Permanent Fund	N/A	\$1,200	Fluctuates based upon 5-year historical average of fund income
AK Senior Care	\$230	\$2,760	Paid to eligible seniors

Table 10. Elder Services Program Annual Budget - Revenue

Given the information in Tables 9 and 10, here are two scenarios presented as an example of analyzing cash-flow to determine if the desired programs are sustainable.

Scenario 1. Unalakleet operates an independent living facility where elders rent apartments and provide their own PCAs. The independent living facility provides housekeeping services for the apartments, communal areas, and kitchen. Residents use the communal kitchen to prepare meals and communal laundry to clean cloths and linen. Health care is provided by the sub-regional clinic which is located near the independent living facility. Transportation of elders would be performed by family members or another program separate from the independent living facility. The Scenario 1 cash-flow analysis assumes five of the six apartments are occupied at any given time.

Scenario 2. Unalakleet operates an assisted living facility and provides PCA services. The Facility Manager prepares billings to Medicaid for reimbursement of PCA expenses. Elder meals are partially subsidized by the Elderly Nutrition Program. Health care is provided by the sub-regional clinic which is located near the independent living facility. Transportation of elders would be performed by family members or another program separate from the independent living facility. The Scenario 2 cash-flow analysis assumes five of the six residents are being cared for in the facility at any given time.

Scenario 1. Independent Living Facility

Unalakleet operates an independent living facility where elders rent apartments and provide their own PCAs

Facility Expenses		
Living Facility Utilities		Annual Cost
	Phone	\$600
	Electricity	\$10,000
	Fuel Oil	\$12,000
	Water	\$2,400
	Sewer	\$2,400
	Cable TV	\$1,200
Facility Support Staff		
	Manager Salary*	\$25,416
	Custodian Salary	\$19,710
	Custodial Supplies & Equip.	\$6,000
Annual Facility Repair & Upkeep		
	Mech. Rm. Annual Svc. & Insp.	\$1,500
	Minor repairs and upkeep	\$3,000
	Reserve Account	\$5,000
TOTAL ANNUAL COSTS		\$89,226
Cost Per Resident (\$89,226/5)		\$17,845
Monthly Cost Per Resident		\$1,487

*Manager salary has been reduced to reflect less responsibilities and training required to be an apartment manager as opposed to an assisted living facility manager.

Resident Annual Income (assumes no pension or private funds are available)	
Source	Annual
Supplemental Security Income (SSI)	\$7,596
AK SSI Supplement/Adult Public Assistance	\$4,584
AK Senior Care	\$2,760
AK Permanent Fund	\$1,200
Annual Resident Income	\$16,160

Facility Revenue	
Source	Annual
Resident (30% of Income)	\$4,848
AHFC Housing Choice	\$12,997
Total Revenue per resident	\$17,845

Conclusion: Revenues meet expenses if Housing Choice program can subsidize each resident by \$12,997 per year. Subsidy and per resident cost reduces slightly if all (6) apartments are occupied by residents who qualify for Housing Choice program.

Scenario 2. Assisted Living Facility

Unalakleet operates an assisted living facility and provides PCA services.

Facility Expenses		
Living Facility Utilities		Annual Cost
	Phone	\$600
	Electricity	\$10,000
	Fuel Oil	\$12,000
	Water	\$2,400
	Sewer	\$2,400
	Cable TV	\$1,200
Facility Support Staff		
	Manager Salary	\$52,416
	Custodian Salary	\$19,710
	Custodial Supplies & Equip.	\$6,000
Annual Facility Repair & Upkeep		
	Mech. Rm. Annual Svc. & Insp.	\$1,500
	Minor repairs and upkeep	\$3,000
	Reserve Account	\$5,000
Assisted Living Staff & Services		
	Personal Care Assistants	\$419,348
	Food Service Salaries	\$47,174
	Resident Food & Related Supply Costs	\$87,600
	Office Supplies	\$6,000
	Medical Supplies	N/A
	Insurance, Licensing, etc.	\$20,000
	Staff Training	\$6,000
	Reserve Account	\$5,000
TOTAL ANNUAL COSTS		\$707,348
Cost Per Resident (\$707,348/6)		\$117,891

Resident Annual Income (assumes no pension or private funds are available)	
Source	Annual
Supplemental Security Income (SSI)	\$7,596
AK SSI Supplement/Adult Public Assistance	\$4,584
AK Permanent Fund	\$1,200
AK Senior Care	\$2,760
AK Senior Nutrition Program*	\$5,200*
AK Medicaid Personal Care Attendant Programs*	\$77,760*
AK Medicaid CHOICE Waiver*	\$20,064*
Annual Resident Income	\$119,164

* These revenue lines are **estimates only** and would **not** be paid directly to the resident. Reimbursements for costs under these programs would be paid directly to the assisted living center. However, for computing cash flow, these figures are included under resident income.

Facility Revenue	
Source	Annual
Resident (100% of Income) <u>plus</u> income derived from the AK Senior Nutrition Program and Medicaid Program reimbursements for prior-authorized services.	\$119,164
Total Revenue per resident	\$119,164

Conclusion: Revenues meet expenses if residents qualify for Medicaid services and prior-authorized services (especially for PCA costs) provide sufficient funding to meet expenses associated with providing PCA services and meals. A close partnership with the tribal health corporation would be critical in reducing PCA sustainment training costs and providing quality assurance oversight.

9.0 MANAGING THE FUNDING PROCESS

Funding is the most difficult aspect of any capital construction project. A project's success is dependent upon the owner providing sufficient funds to account for known costs and unanticipated contingencies. The timing or "cash-flow" of funds is critical to ensure the design or construction schedule is not disrupted by the inability to pay for supplies or services.

To successfully fund a capital project, the owner must first understand the costs involved in designing and constructing the project (discussed in Section 10, *Managing the Project*). Next, the owner must identify the source of the funds. Capital projects typically involve both private and public funds. In rural Alaska, private funds may come from donations made by tribal corporations and philanthropic foundations. Public funds typically come from grants and awards directed towards rural governments or tribal organizations. In both cases, organizations providing project funds want to see evidence of community support for project and a business plan for developing and sustaining the project.

9.1. COMMUNITY PUBLIC MEETINGS

This first step in formulating a community capital project is determining the public need, interest, and support for the project. In Unalakleet, the Elders Survey II was performed to identify the potential needs of the target population for an assisted living facility. Another target population is the families of elders. Elder care is most commonly provided by immediate family members. These individuals also have knowledge and experiences to contribute towards identifying the types of elder services that are needed in the community. A third target audience is community members who will be entering the "elderly population" in the next ten years.

While surveys are useful instruments in collecting public input, community meetings allow for public input and interaction among participants. In order to foster community participation, project related meetings can be held in conjunction with other community events, such as city or tribal council meetings. Regardless of the forum, it is important to maximize community participation in the meetings. Community interest in a project is a good barometer of community support for the project and can determine whether a project will ultimately be successful.

When developing the project calendar, schedule community meetings at key milestones. Meetings should always have two purposes. First is to provide project information to the community. Second is to gather community suggestions or concerns about the project. It is critical the project manager respond to every question, concern, or suggestion voiced at a community meeting in order to show respect for the meeting participants and foster their continued involvement in the project. Responses can be provided through a community newsletter or at future meetings, depending upon the time necessary to research or prepare a response.

The Unalakleet Elder Assisted Living Facility would likely be a four-year project from concept to completion. Given this timeline, community meetings should be considered for the following project milestones.

Assisted Living Facility Project Timeline

Planning	Design	Proposal	Construction
Year 1	Year 2	Years 3 & 4	

Community Meeting Calendar		
Project Phase	Meeting Purpose	Desired Outcomes
Planning Phase Initial Meeting	Notify the community of the project, the type of facility and services envisioned, the anticipated cost to design, build, and operate the facility; the financial impact upon, and benefit to, the community	Community support; Ideas for types of facility desired; Questions and concerns voiced
Planning Phase In-Progress Meeting	Address questions and concerns voiced at initial meeting; provide update on progress of obtaining funding for design and construction	Continued community support and involvement, identification of any issues with the project that may have been missed; obtaining volunteers to help with preparing or follow-up of grant applications.
Planning Phase Final Meeting	Address questions and concerns. Provide final report on funding commitments, provide revised project budget and milestone calendar.	Continued community support and involvement, identification of any issues with the project that may have been missed; obtaining volunteers to help with preparing or follow-up of grant applications.
Design Phase Schematic Design	Present Schematic Design of facility and site layout diagram	Community confirmation that design addresses the services expected of the facility. Community identification of any design or site layout issues that may have been missed.
Design Phase Final Design	Present final design and conceptual drawing of facility; present construction cost estimate; identify potential construction employment opportunities.	Community confirmation that design addresses the services expected of the facility. Identify local labor pool available for employment and skills possessed.
Proposal Phase Construction Award	Present accepted construction proposal and confirm sufficient funds for construction and contingencies; present construction timeline, identify process to obtain construction employment	Continued community support and involvement, obtaining volunteers to help with grant reporting and compliance. Linking local labor with the construction contractor.
Construction Phase Construction Mid-point	Present project progress and advertise for staff employees and residents	Obtaining local applicants for staff positions and applicants to use the new facility (residents)
Construction Phase Beneficial Occupancy	Grand Opening Celebration and facility tours	Continued community support and involvement in the operation of the facility.

Table 7. Community Meeting Calendar by Project Phase

9.2. COMMUNITY GOVERNMENT RESOLUTIONS

At the beginning of the planning phase, immediately after the initial community meeting, the Unalakleet City and Tribal Councils should prepare a joint resolution proclaiming their support for the project. The resolution assures potential funders to the community's commitment to operate and sustain the facility.

9.3. MEETING WITH POTENTIAL FUNDING ORGANIZATIONS

The project manager should identify funding organizations that may consider supporting the project. Public entities typically have established capital grant programs that identify the maximum dollar amount that can be provided. Most funding organizations expect their financial contribution to be matched by other funds. Some organizations specifically expect the community or executive members of the organization sponsoring the project to provide financial support.

Regardless, the project manager must first identify the organizations most likely to support the project. Next is making an initial inquiry, typically a letter and telephone call, to learn of the organization's interest. Once contacted, a representative of the funding organization can explain the formal application process to the project manager and provide the necessary format or template forms for completion.

When discussing the formal submission requirements with the organization representative, the project manager should inquire about the funding cycle to identify when funds would be available if the application is approved. Also learn of the requirements to receive funds. Some organizations allow cash advances in order to purchase project materials while others expect to reimburse the project for funds expended. Funding availability plays an important part in developing the cash-flow of the project.

Following the submission of the formal application, the project manager should attempt to meet with every major funding organization to present the project and garner support for their commitment of funds.

9.4. PREPARING THE APPLICATIONS

The formal application process will typically encompass two stages. The first stage is providing a letter of inquiry that explains the project and outlines the projects costs and benefits. If the funding organization approves consideration of the project, the applicant is invited to the second stage. Here, the applicant provides detailed information about the projects, such as the service delivery plan, business plan, project budget, and milestone calendar.

In Unalakleet's situation, potential funding organizations could be:

Organization	Maximum Funding Limit	Cost Share Expected	Application Period	Web Site
Alaska DCED	\$850,000	Yes	Typically Fall of each year	http://www.commerce.state.ak.us/dca/grt/blockgrants.htm
USDA-RD	No Limit	Yes	Open	http://www.rurdev.usda.gov/ak/index.htm
US Housing & Urban	\$500,000	N/A	Based upon NOFA	http://www.hud.gov/offices/pih/ih/grants/icdbg.cfm

Development				
Alaska Housing Finance Corporation/Denali Commission	No Limit	N/A	Based upon NOFA	http://www.ahfc.state.ak.us/grants/grants_summary.cfm
Murdock Trust	No Limit	Yes	TBP	http://www.murdock-trust.org
Rasmuson Foundation	No Limit	Yes	Open	http://www.rasmuson.org
Atwood Foundation	No Limit	N/A	Open	http://www.atwoodfoundation.org

Table 8. Potential Grant Organizations

9.5. PROJECT BANK ACCOUNT & ACCOUNTING/REPORTING FUND EXPENDITURES

All funding organizations will expect financial reports and accountability of funds. The best way to accommodate this requirement is establishing separate bank accounts (one account per funder) to receive any funds destined for the project. Public entities typically require a formal audit of organizations that receive a certain amount of public funds.

Funding organizations expect recurring reports on project progress as well. Some will expect quarterly reports while others may require only annual reports. Most will expect a final report that details how all project funds were spent and specifically identifies the portion of the project funded with their specific grant.

Accepting grant funds and financial awards is not without costs. The project manager should carefully read any grant or financial assistant agreement to identify the fund accounting requirements and ascertain the administrative costs for complying with these requirements. See Section 10.1 for more discussion of establishing financial and project management systems.

10.0 MANAGING THE PROJECT

10.1. SOLID FINANCIAL MANAGEMENT & PROJECT REPORTING SYSTEMS

Many communities are not prepared to manage public funded projects. Financial accountability and monitoring project progress against the performance schedule are critical to success. Therefore, communities should look to organizations with expertise in these areas. Step one is to establish a trust account with a local financial institution where project funds can be deposited. If you're receiving funds from multiple sources, establish a separate account for each source. The cost to establish an account is minor compared to the ease in tracking funds by source and being able to report to the source how their funds were expended. Step two is hiring an accounting firm to be responsible for tracking and expending the funds. The accounting firm provides an independent a verifiable record of cash flow. The tribe or community retains the authority to approve expenditures, but the accounting firm actually prepares the payment draft and records where funds went. Step three is hiring a project manager. The project manager should have expertise in managing the type or size of project you're planning. Check the references of any prospective project manager by contacting past clients to learn if they were satisfied with the managers performance. Require the project manager to advise you on the technical aspects of the project so you can make informed decisions. This is your project; do not delegate decision making to anyone. Also require the project manager to monitor project progress and prepare any progress reports expected of your funders. The project manager will need to communicate with your accounting firm so convene a meeting before the project starts with your accountant and project manager so everyone is introduce and understand your expectations. Now your team is in-place. Often, a community leader or the community contact for a project will change and their historical knowledge will be lost. If you have financial and project management systems in place, then your project will be stable and continue to progress even though the community member of the project team may change.

10.2. OPTIONS FOR OBTAINING AN ARCHITECTURAL & ENGINEERING (A/E) FIRM

The next step after lining up project funding is obtaining a professional A/E firm. This firm will work with the community to design the facility and formulate the construction documents necessary for build the facility. The firm can also assist in soliciting for, evaluating, and selecting a construction contractor. During construction, the firm provides construction services to assist the construction contractor in interpreting construction documents and applicable regulatory codes.

In general, Unalakleet should competitively solicit for A/E firms to propose on this project. Prior to the solicitation, Unalakleet should formulate a plan for advertising for proposals, receiving proposals, evaluating proposals, and notifying all proposers of the successful awardees. If the City needs assistance in this, they can partner with a larger organization that has the staff or experience with issuing construction awards. In the Norton Sound Region, tribal entities such as the Norton Sound Health Corporation, NANA, and Alaska Native Tribal Health Consortium could be approached to establish a partnership for contracting support.

10.3. CONTRACT REQUIREMENTS WHEN PUBLIC FUNDS ARE INVOLVED

Unalakleet should work with their funding agencies to identify the agencies preferred method for obtaining professional services. The state & federal governments have specific procurement

practices for obtaining A/E services. Unalakleet should discuss procurement practices with their funding agencies to ensure compliance with grant conditions. Projects involving public funds typically require full and open competition when soliciting proposals from contractors. Another avenue is to partner with a tribal corporation that has a term contract in place for AE services. A term contract provides a group of contractors that have already participated in the competitive selection process and have negotiated a rate schedule for use in formulating delivery orders. Utilizing a term contract may reduce the award time by as much as 90-days because it eliminates the time typically spent on soliciting, evaluating, and scoring proposals.

10.4. THE DESIGN PROCESS

The design process encompasses turning an idea into reality. The architect leading the design effort will meet with the project owner to understand their vision for the facility and services to be offered. Along with this activity will be an assessment of the site to ensure the site size, location, layout, and soils support the type of facility and services envisioned. The next step involves refining the design to develop the building interior and exterior. The architect continues working with the project owner and the staff who will occupy the building to identify the features, rooms, and space needed. Once the owner is satisfied with the building design, the Architect further develops the design to cover the mechanical, electrical, and structural details. The final work on the design encompasses developing the specifications, or construction documents, which will be used to present to construction contractors so they may propose on, and if selected, perform the actual construction.

The design process normally occurs over a 6-12 month period.

10.5. OPTIONS FOR OBTAINING A CONSTRUCTION FIRM

Unalakleet, as with the design process, could choose to partner with another tribal corporation to provide contract support in obtaining a construction contractor. Unalakleet could also rely upon the Architect for preconstruction services. The Architect would work with the community to prepare a solicitation package, advertise for contractors, evaluate responses, and perform the selection/notification process.

The most effective method of obtaining a satisfactory contractor is through soliciting proposals. This allows the owner to meet proposing contractors and discuss the project while receiving presentations from the contractors. It is important that any questions posed to one contractor are posed to all. Also, if new information is derived from the interviews that would benefit the contractors, this information must be provided equally to all proposers.

Many rural communities desire to maximize the local hiring of laborers or skilled workers. This can be an evaluation criterion, along with cost, and contractor rural experience when evaluating contractor proposals and making a selection.

10.6. THE CONSTRUCTION PROCESS

Construction projects offer the community an opportunity to employ local residents. However, if local employment is to be maximized, the community should work with vocational skills development agencies during the design phase to train local workers in the skills the construction contractor will need. In Alaska, the department of labor provides funds for this type of training. The community should work with Alaska Works Partnership, Inc. and their tribal vocational skills coordinator to obtain support in training local workers to compete for construction job opportunities.

Rural construct in Alaska is limited by weather and site conditions. The first stage of construction encompasses site preparation. In this stage the site is leveled and building location marked. Public utilities are extended to the site and building location. The next stage is foundation construction. In the arctic, foundations for larger buildings typically entail piles driven into the ground. On undeveloped sites this work typically occurs during the winter to minimize disturbance to the tundra or site vegetation. The type of foundation system and site soil conditions will determine whether foundation construction and building construction will occur together. Building construction is the next stage after the foundation and typically occurs during the summer month. At one time, rural construction was primarily limited to the summer months. However, in today's building industry, construction continues through the winter season until the project is complete.

Throughout the construction phase there will be a need for recurring onsite inspections to ensure the contractor understands and complies with the design specifications. The construction contractor is responsible for complying with applicable state building codes and delivering a safe and code compliant facility to the owner. The best way to provide for these site inspections is through hiring a construction manager, or owner's technical representative. The City could perform this service if they have a skilled engineer, or partner with a tribal corporation that provides construction services. Another route is contracting with the Architect, or another engineering firm, to provide construction services. Listed below are the functions that the owner must manage, or hire someone to manage, to ensure a successful project.

Action	Tasks	Who's Action is it?	Should I Subcontract This Action?
Grants Management	Completing reports of financial expenditures, compliance with grant conditions, reports on progress, and photographs of project	City of Unalakleet or Tribe as grant recipients	NO. The grant recipient retains this function. The construction contractor could provide progress reports, financial expenditure reports, and photos to the grant recipient to use.
Construction Contract Management	Making progress payments to the contractor, maintaining the contract supporting files	City of Unalakleet or Tribe as grant recipients	NO. The grant recipient retains this function
Construction Management	Observing contractor performance to ensure compliance with building codes, validating contractor requests for payment, maintaining project supporting files	City of Unalakleet	City of Unalakleet if they have experienced engineers capable of performing the function. Otherwise, partner with a tribal organization with experienced engineers or contract with an A/E or construction management firm
Construction Administration	Observe contractor to ensure compliance with design, resolve contractor questions, review contractor drawings, and address contractor requests for variance	A/E firm that designed the project	Yes. The A/E firm that designed the contract should be retained to provide construction services. This service can be negotiated at the time of the design award, or the design contract can be amended during the preconstruction phase to include this activity.

Table 9. Project Management Functions & Responsibilities

10.7. ACCEPTING OWNERSHIP OF THE COMPLETED FACILITY

Once the contractor has obtained a certificate of occupancy from the State Fire Marshall, the building is considered "substantially complete." In other words, the owner can occupy and begin using the building for its intended purpose. The construction contractor may still need to

perform minor work or correct minor problems in the facility, but the project is essentially complete.

At this state, the owner should expect the contractor to provide an Operations and Maintenance (O&M) manual and received orientation training on how to perform operator's maintenance and minor repair to the building and building systems. This encompasses performing preventive maintenance on such utilities as the heating system. It can encompass such repairs as changing a lock core in a doorknob. The intent is to educate the building occupants in properly caring for the facility so the utility systems continue functioning and the building does not fall into disrepair. The requirements for a manual and user training should be clearly stated in the construction contract.

Up until this point, the owner has been making progress payments to the contractor for their services. The owner should retain approximately 10% of the contract cost as a final payment. This payment is not provided until the contractor complies with all contract performance requirements. This usually encompasses:

- ❖ Obtaining all necessary occupancy and utility permits
- ❖ Completing all construction work and correcting identified deficiencies to the owner's satisfaction
- ❖ Providing O&M training to the owner or staff
- ❖ Clearing the construction site of all equipment, excess supplies, and properly disposing of construction trash and debris.

Another requirement that should be clearly stated in the construction contract is the requirement for a 1-year warranty period. This clause does not relieve the owner from properly using, caring for, and maintaining the building and utilities. Rather, it provides the owner recourse if a defect is discovered for which the contractor is negligent. Types of defects may range from an inoperable water heater (covered under the water heater manufacturer's warranty) to cracks in the walls occurring from building settling. The owner should meet with the contractor to agree upon a method of notifying the contractor of discovered problems and obtaining correction if covered by the warranty clause. It's important the owner clearly understand what problems are covered and not covered by the warranty.

10.8. OCCUPYING THE COMPLETED FACILITY

Occupying the building should be planned for during design. The owner must work with the Architect and Construction Contractor to plan for acceptance of the finished facility. This process entails inspecting and accepting completed portions of the facility, testing building systems to ensure proper function, identifying defects the contractor must correct and re-inspecting. Occupying a facility that is "substantially complete" either involves the approval of the authority having jurisdiction (typically the local government building inspector or the State Fire Marshall), or lacking an authority, the project architect or engineer.

The construction contractor is typically only concerned with constructing the facility. Therefore, the owner must plan for furnishing, equipping, and supplying the facility. Also to be coordinated are activation of the utilities. Although the utilities are connected during construction, the consumer accounts still need to be established at the utility so services can be billed. Therefore, the owner should develop a transition or occupancy plan that charts when

furnishings and supplies will be ordered and received for the new facility, and utility accounts will be activated. Typically, the construction contractor will allow the owner to bring furnishings into the building as sections of the building are completed and accepted. For example, the contractor constructing a community health clinic may be near “substantial completion.” A few rooms are unfinished, but the remaining rooms have been completed, inspected by the owner, and accepted. The owner and contractor would agree to allow furnishings for the building to be received and stored in the completed rooms until the owner accepts the entire facility. Once accepted, the owner would move the stored furnishings, equipment, and supplies to the desired rooms in the facility. The table below illustrates forecasting for ordering, shipping, and receiving a sample of items planned for a public facility being designed and constructed.

Community Health Clinic		Projected Occupancy Date: 10/1/2007		
Item or Service	Quantity	Order By:	Receive By:	Remarks
Lobby Furniture Package	1 Set	2/1/2007	9/1/2007	Schedule for 8/1/07 Barge from Anchorage
Exam Room Furniture	2 Sets	2/1/2007	9/1/2007	Schedule for 7/1/07 Barge from Seattle
Laptop Computer	2 Each	9/15/2007	9/25/2007	Shipped via US Postal Service
Wireless Router	1 Each	9/15/2007	9/25/2007	Shipped via US Postal Service
Electrical Service	N/A	N/A	10/1/2007	Transfer account from contractor to owner
Heating Oil Service	N/A	N/A	10/1/2007	Transfer account from contractor to owner. Pay contractor for remaining oil in storage tank.
Phone Service	N/A	N/A	10/1/2007	Transfer account from contractor to owner
Water/Sewer Service	N/A	N/A	10/1/2007	Transfer account from contractor to owner

Table 10. Project Coordination Schedule of Furnishings, Equipment, & Utilities

10.9. LONG TERM OPERATIONS AND MAINTENANCE CONSIDERATIONS

Everything wears out over time. Constructing a facility requires considering, and budgeting for, the lifecycle costs over the 30-years (or more) the facility is expected to last. This encompasses such items as interior finishes (repairing/painting walls, replacing carpets, replacing worn cabinets, etc.), exterior finishes (repairing/painting exterior walls or metal roof or replacing roof shingles), and furnishings. “Life cycle” maintenance costs can be expensive, so it’s important to estimate these costs based upon the future year the cost is anticipated, and contribute regularly to a reserve fund.

Performing recurring preventive maintenance can greatly extend the lifecycle of an item. For example, commercial carpeting is normally rated for a life cycle of 10-years or more. This is based upon proper care, such as weekly vacuuming and quarterly cleaning. Without this recurring maintenance the actual life cycle of the carpet may be less than 5-years. With proper maintenance, and quick attention to spills or damage (i.e. small tears) the actual life cycle may exceed 10-years. Nowhere is recurring preventive maintenance more important than in the mechanical room. Budget for and perform preventive maintenance. The failure of the heating system during the winter months or a marked increase in respiratory illnesses due to a malfunctioning air circulating system can cause immense problems that cost more to resolve than the preventive maintenance would have cost. Commercial grade mechanical room equipment typically will last the lifetime of the facility when properly maintained.

When you accept the facility from the construction contractor you should ask for a schedule of recommended recurring and long term maintenance tasks. Also inquire as to the estimated cost for each task. If the maintenance must be performed by someone outside the community, be

sure to account for travel and lodging for a technician to travel to the community. Illustrated below are some maintenance considerations for a elder assisted living facility in Unalakleet.

Recurring Preventive Maintenance Tasks	How Often	Remarks
Tile Floor Cleaning	Daily	Typically performed at night.
Tile Floor Waxing	Monthly	Typically performed at night.
Carpet Vacuuming	Daily	Typically performed in the evening to avoid day-shift activities and completed before residents go to sleep.
Carpet Cleaning (steam/wash)	Quarterly	Typically performed at night to allow drying before day shift begins.
Air Handling Unit Filters	Monthly	Inspect monthly & replace as needed
Heating System	Semi-annually	Inspect seasonally
Fire Detection, Alarm, & Suppression Systems	Annually	Contract with state licensed specialty business for these services. Include costs of air travel, lodging, and meals for a 2-day visit.
Non-Recurring Preventive Maintenance Tasks	Projected Year	Remarks
Interior Painting	X + 5	Expect to perform every 5-10 years.
Exterior Painting/Staining	X + 5	Expect to perform every 5 years.
Electronic Equipment (computers, medical equipment, etc.)	X + 5	Expect to replace due to obsolescence
Furnishings	X + 10	Some furnishing may be able to be refurbished in place (i.e. refinished, reupholstered) saving replacement costs.
Carpet Replacement	X + 10	Quality of carpet & preventive maintenance will determine actual replacement year.
Tile Floor Replacement	X + 30	Quality of tile & preventive maintenance will determine actual replacement year..
Roof (Shingle replacement or metal roof painting)	X + 30	May last the lifetime of the facility depending upon quality of original product and installation.

Table 11. Life Cycle Facility Maintenance Schedule

APPENDIX A. Grant Applications for Facility Related Projects

A-1. US Department of Agriculture-Rural Development (USDA-RD)

USDA-RD is a major government lender to rural Alaskan communities. They offer community facilities programs that assist with constructing, renovating, and equipping/furnishing public facilities. The form of assistance may be loan guarantees (enabling a community to qualify for loans from private banks at competitive rates), low interest rate loans, grants, or a combination of the above. The financial package is based upon a credit analysis of the applicant and the applicant's financial resources.

USDA-RD Alaska Office is located at 800 West Evergreen, Suite 201; Palmer, Alaska (near the intersection of the Glenn Highway and Palmer-Wasilla Highway).

To apply for a USDA-RD grant or loan, the applicant should provide the following information:

Form #	Form Title	Form Purpose
SF 424	Application for Federal Assistance	This is the base application form that provides information about the applicant and the project.
SF 424C	Budget Information – Construction Programs	Parts A & B apply only to non-construction programs. Part C illustrates the project construction budget – typically based upon a 100% design construction cost estimate.
SF 424D	Assurances – Construction Programs	Part D contains “boiler plate” clauses which the applicant signs attesting to their compliance with various federal statutes applicable to government funded construction projects.
RD Form 442-7	Operating Budget	A budget spreadsheet used when obtaining USDA loans or guaranteed loans that reflects the applicant's budget and cash flow from the time of loan closing through the first full year of facility operation.
RD Form 1940-20	Request for Environmental Information	A checklist of environmental and historical actions that need to be accomplished to obtain federal funding.
RD Form 1942-54	Feasibility Report	This form is completed by two individuals. First is the grant applicant which uses “Guide 5” to describe the need for the project and demographics in support of the project. Second is the project Architect who uses “Guide 6” to describe the project management aspects and site development issues.
Applicant Letterhead	Certification of Inability to Obtain other Credit	This letter is prepared by the grant applicant to document their unsuccessful attempt to obtain loans from private financial institutions. The applicant should contact at least three institutions.
State of Alaska – Office of the Governor	Alaska Coastal Management Program Consistency Review Instructions Coastal Project Questionnaire (CPQ)	This packet, provided by the Division of Government Coordination within the Governor's office, is prepared by the project manager to begin the permit coordination process for projects in or affecting coastal areas of Alaska.

A-2. US Department of Housing & Urban Development – Indian Community Development Block Grant (ICDBG) Program

Each year HUD prepares a Notice of Funds Availability (NOFA) for the ICDBG program. The NOFA contains the application requirements and references the pertinent forms which must be completed. The ICDBG Program provides eligible grantees with direct grants for use in developing viable Indian and Alaska Native Communities, including decent housing, a suitable living environment, and economic opportunities, primarily for low and moderate income persons.

Eligible applicants for assistance include any Indian tribe, band, group, or nation (including Alaska Indians, Aleuts, and Eskimos) or Alaska Native village which has established a relationship to the Federal government as defined in the program regulations. In certain instances, tribal organizations may be eligible to apply.

The ICDBG program can provide funding for recipients in the following categories:

Housing

Housing rehabilitation, land acquisition to support new housing construction, and under limited circumstances, new housing construction.

Community Facilities

Infrastructure construction (e.g., roads, water and sewer facilities) and single or multipurpose community buildings.

Economic Development

Wide variety of commercial, industrial, agricultural projects which may be recipient owned and operated or which may be owned and/or operated by a third party.

HUD Office of Native American Programs - Alaska Office is located at, 3000 C. Street, Suite 401, Anchorage, AK 99503

HUB provides a training manual titled, “Improving Future Indian Community Development Block Grant Applications.” It is intended to provide guidance on how to respond to NOFA requirements, and on what is important during the planning and implementation stages.

A-3. Alaska Department of Community and Economic Development – Community Development Block Grant (CDBG) Program

The goals of the Alaska Community Development Block Grant Program (CDBG) are to provide financial resources to Alaskan communities for 1) public facilities and 2) planning activities which address issues detrimental to the health and safety of local residents and to reduce the costs of essential community services. The program may also fund Special Economic Development activities which result in the creation of jobs for low and moderate income persons.

Any Alaskan municipal government (except Anchorage and Fairbanks) is eligible to apply for the grants. Non-profits may apply as co-applicants for these pass-through funds. In a typical year, applications are distributed to municipalities in late fall, and awards are made the following

spring. Federal regulations require that at least 51 per cent of the persons who benefit from a funded project must be low and moderate income persons as defined by HUD.

Accepted applications are scored on five criteria which are explained in the application handbook. For the 2006 grant cycle these criteria were: 1) Project Description & Selection/Citizen Participation Plan, 2) Project Plan/Readiness, 3) Project Impact, 4) Budget & Matching Funds or “In-Kind” Contribution, and 5) Administrative Capabilities. Scored applications are then prioritized and funded (from highest to lowest score) until available funds are depleted.

The State office overseeing the CDBG program is located at Division of Community Advocacy Department of Commerce, Community, and Economic Development; 211 Cushman Street; Fairbanks, AK 99701-4639

The Division of Community Advocacy provides an instruction handbook with each year’s application packet. The handbook explains in detail the grant program eligibility requirements and application process. To apply for a CDBG, the applicant should provide the following information:

Form #	Form Title	Form Purpose
Community Letterhead	Cover Letter	Indicates desire to participate and provides concise explanation of project.
None	CDBG Application	Provides community contact information and provides detailed information (in narrative form) for each of the five scoring criteria.
Appendix A	Authority to Participate	A community resolution authorizing participation in the CDBG program. Completed by community governing body.
Appendix B	Determining Benefit to Low and Moderate Income Persons	A checklist that guides you through determining if 51% or more of the community is classified at low to moderate income persons.
Appendix C	Statement of Assurances and Certifications	A signed certification of compliance with certain federal regulations and grant program requirements.
Appendix D	Environmental Review Information	No action is required for the application. DCED will inform the applicant as to the environmental review requirements based upon the project described in the application.
Appendix E	Join Application Agreement	Only completed if two or more <u>eligible</u> parties are partnering in submitting a single application. The agreement entails a resolution that management responsibilities of each party.
Appendix F	Cooperative Application Agreement	Only completed if two or more parties are partnering on the project and <u>only one party is eligible</u> for the grant program. The agreement entails a resolution that identified responsibilities of each party.
Appendix G	Potential Project Permit Requirements	Explains potential permit requirements and contact information for applicants to pursue appropriate permits necessary for the type of project.
Appendix H (HUD Form 2880)	Applicant Recipient Disclosure Report	A disclosure form required by the US Department of Housing & Urban Development to ensure federal funded CDBG programs is benefiting the targeted population.
Appendix I	ADA Certification	Applicant attests to compliance with the American with Disabilities Act.

A-4. Alaska Housing Finance Corporation

Senior Citizens Housing Development Fund (SCHDF)

Funding under this program is used to provide housing for persons who are 60 years of age and older and whose incomes are in the low to moderate ranges. Acquisition, rehabilitation, accessibility modification and new construction of senior housing as well as pre-development activities are all eligible for grant awards. Grants are made to non-profit organizations to bridge the gap between the cost of the project and funding from other sources.

This program falls under the Greater Opportunities for Affordable Living program.

Elder Housing Program (Denali Commission)

Through this program, AHFC works in concert with the Denali Commission to provide federally funded grants to housing authorities, local governments and non-profit organizations to plan, construct and rehabilitate housing in rural locations so that Alaskan seniors may continue to live independently in their home communities.

Matching Grants Program

On a periodic basis, AHFC uses recaptured grant funds to meet the federal and state match requirements for grants awarded to non-profit organizations. Awards are made under a competitive process

APPENDIX B. Site Photos



Photo 1. Proposed Project Site



Photo 2. Sub-regional Health Clinic



Photo 3. Potential alternate project site that collocates facility with sub-regional clinic



Photo 4. Community Services Building. Similar in size to proposed facility.